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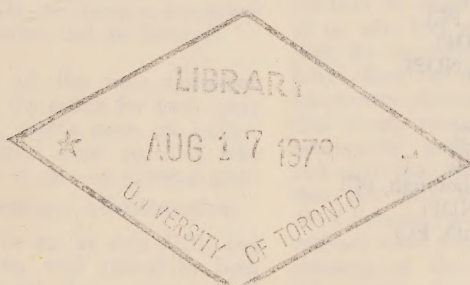


# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Housing



**First Session, 31st Parliament**

**Tuesday, June 28, 1977**

**Speaker: Honourable Russell Daniel Rowe**

**Clerk: Roderick Lewis, QC**



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# LEGISLATURE OF ONTARIO

TUESDAY, JUNE 28, 1977

The committee met at 8:10 p.m.

## ESTIMATES, MINISTRY OF HOUSING (continued from April 28, 1977)

**Clerk of the Committee:** First order of business is the nomination of a chairman.

**Mr. Rollins:** I'd like to nominate the member for Wellington-Dufferin-Peel (Mr. Johnson).

**Clerk of the Committee:** Jack Johnson. Are there any other nominations?

Nominations closed and Mr. Johnson elected chairman. Mr. Chairman, if you would like to take over.

**Mr. Chairman:** Thank you very kindly gentlemen. We will now call for nomination of a vice-chairman.

**Mr. Hall:** I'd be pleased to nominate the member for Huron-Bruce (Mr. Riddell) in absentia. He was the vice-chairman last time around.

**Mr. Chairman:** Do we have a seconder? John Lane, seconder. All in favour? Carried.

For the benefit of the new members, we'll leave it up to the critics for each party to inform them of what's gone on before. If we let the minister carry on, he'll take the rest of the time to give an opening spiel.

On vote 2101, ministry administration:

**Mr. Chairman:** We are at vote 2101, and I think it was pretty well agreed by both critics that we accept this as carried. If you are in agreement, we should form a motion to carry vote 2101.

Vote 2101 agreed to.

On vote 2102, community planning:

**Mr. Chairman:** Who wishes to speak on this?

**Mr. Hall:** Yes, Mr. Chairman, to be perfectly candid we were rather rudely interrupted when we were trying to get into these estimates before and there hasn't been much of an opportunity since that time to pick up the threads of where we left off. The whole program of community planning is basic to the housing needs of the province, however, and several days after the munic-

ipalities got it, the members got copies of the report of the Comay commission.

**Hon. Mr. Rhodes:** Mr. Chairman, I'm going to take exception to that remark. I don't want that to go on the record. What the hon. member has said is not totally factual. What the municipalities got, was a brief summary of the Comay report. Inadvertently, his was delivered on time—the first occasion in the history of Her Majesty's mail in Canada. It is not the report. The report in its entirety was presented to the Legislature today.

**Mr. Hall:** I'm pleased to have the explanation, Mr. Minister.

**Hon. Mr. Rhodes:** You are welcome.

**Mr. Hall:** I really wasn't that concerned about it.

**Hon. Mr. Rhodes:** You certainly sounded like you were.

**Mr. Hall:** Well, having found out that the minister is sensitive, I do say that for all of us who had a chance to go into the report, it's naturally going to have some long-term effect on the future of planning and community planning in Ontario. I hope you'll find strong means to elicit responses from community groups and communities that you sent this out to. The initial suggestion that you need the information by October 15, I believe you said, won't in itself suffice without some jogging of the memory and a stressing of the basic importance of this thing to the future of the relationships between the municipalities and your ministry in the full subject matter.

[8:15]

On the specifics of community renewal—I'm talking in the broad sense now and looking at the whole of 2102—it shows the most substantial increase being almost \$12 million.

**Hon. Mr. Rhodes:** Mr. Chairman, perhaps before Mr. Hall continues—and I know that he mentioned looking at the totality of vote 2102—is it the desire of the committee that we do, in fact, deal with all six segments of 2102 as one package, rather than going through each particular portion?



**Mr. Hall:** Well, it has been my past experience that this is what it degenerated into or resulted in, at any rate—or whatever term you want to use.

**Hon. Mr. Rhodes:** If we are going to degenerate, let's do it with agreement.

**Mr. Hall:** It will make it a little easier for other members to come in and express their concerns on certain areas. I know that sometimes it is difficult for a member who has a particular interest in his riding to speak if you are only taking it vote by vote. And I do know that some concerns have been expressed to me. They say they would like to make a comment on this, that or the other thing.

Unfortunately, I haven't had an opportunity to go over the details of the material, Mr. Chairman. One thing that has concerned me and is, maybe, particular to the Niagara region, was the announcement on February 17 that had to do with urban boundaries in Niagara. For the record, I'd appreciate it if you would respond to me. Was this a ministry decision or a cabinet decision? I don't think it is necessarily secret information—is it?

**Hon. Mr. Rhodes:** No. I think in the letter that I read and comments that I made at the time in Niagara that it was a decision of cabinet. The information was gathered by the ministry and the presentation made to cabinet; it was a cabinet decision.

**Mr. Hall:** This is a rehash of probably other discussions, but at the time I was upset because it seemed to me that the maps used for the planning base contained some inaccuracies. I don't mean between the scale of maps. I meant that in the Grimsby area, for example, certain roads that were in place were not shown on the maps where information on urban area boundaries was documented.

It has also been said that a lot of the criteria were taken from the Niagara region's planning consultants' and staff's statements as to the land uses. I felt, myself, that there were certain contradictions expressed there.

'So, I never have quite understood to what extent the ministry got involved in the sorting out of all this. Albeit it is a cabinet decision, and it was the ministry's staff that did the assessment work on it, I believe?'

**Hon. Mr. Rhodes:** Yes, Mr. Chairman, I would like to say to the hon. member that it is indeed a fact that the final decision as to the urban boundaries was a cabinet decision. However, that decision was based upon information and material produced and prepared by the Minister of Housing and pre-

sented by myself as a recommendation to my cabinet colleagues.

**Mr. Hall:** Does the Ministry of the Environment tie into the decision-making process on that? I don't mean to get into another ministry, Mr. Chairman, but the point I am trying to make is that the decision of one has an effect on the other, of course, and there were long-term financial programs for hard services, particularly sanitary sewers.

**Hon. Mr. Rhodes:** Yes, Mr. Chairman, the hon. member is correct. The ministries that were involved in the discussions that we had with them were the Ministry of the Environment and Ministry of Agriculture and Food; we had some discussion with the Ministry of Natural Resources; we had some discussion with the Niagara Escarpment Commission. These people all had an input into the discussions and the deliberations that went on as we prepared the recommendation to be made.

The reason, of course, for the Ministry of the Environment's involvement was, as you correctly mentioned, because the hard services were already in the ground in some areas and we wanted to use some of those services to their total capacity. The Ministry of Agriculture and Food is obviously interested in land quality, the type of land that we were talking about. And the Niagara Escarpment Commission is interested because they are there; it's part of their area of responsibility—or at least parts of it are, Mr. Chairman.

**Mr. Hall:** Mr. Minister, a general statement was made at that time to the effect that where oversizing would result because of the urban area servicing cutback there would be compensation to the municipalities for such oversizing. Dealing again with this specific matter, the Niagara region had been responsible for sewers under their sewer and water and other major servicing facilities in the area. After some delay they had been reaching a point of completion of the sewage treatment facilities which would serve a broad area of the north shore of the Peninsula. This included force mains, pumping stations, a site, an outfall and so forth. That site, according to my information, originally envisaged a treatment plant which could be added on to and would really not reach maximum utilization until all three stages had been installed.

Similarly, the municipalities involved, through the Ministry of the Environment, had a sub-trunk system which had been delayed by reason of the restraint programme on capital funds. Nevertheless, it was in place and would be proceeding at a certain

time. I can see to a certain extent where oversizing is measurable, but I suggest that with regard to the main plant itself your trunks, force mains, pumping station, outfall, land acquisition cost—all are final stage. But you'll never get up to a full utilization until you have a three-stage sewage treatment plant. And how do you measure the added burden that the municipality or the region is going to face by reason of a longer term before you reach utilization? You know that it is going to cost you money, but I don't know how you can put a dollar figure on it. I wonder what studies have been done on this?

**Hon. Mr. Rhodes:** I cannot comment on what the Ministry of the Environment's approach is going to be to that particular phase of the servicing that the hon. member refers to. All I can comment on is the statement that I made at the time in St. Catharines, at the regional council meeting. That was that I had been advised that as a result of the reduction of the boundaries there would be added costs incurred by the property owners in the area, the existing residences and facilities there, that would be far and above that which they would have been ordinarily charged had we not moved the boundaries and the development had taken place as was projected.

My statement at the time was that these costs would not be added. As I understand it, a figure had been arrived at as to costs per resident and we would not allow the costs to go any higher and we would provide the funding to the municipality to offset that loss of development that they would have had.

**Mr. Hall:** You mean the numbers that had been arrived at by an engineering and accounting basis as a guideline for passage and approval by the OMB of the sewer area charge prior to the actual initiation of the works or initiation of the plan itself?

**Hon. Mr. Rhodes:** Again, I am not going to try and comment with any degree of accuracy on the actual numbers, because the Ministry of the Environment would have been involved in that and we would not have been. I can only say, assuming what you have said is correct, that it is a question of the area charges. We have said there would be no increase in those charges to those persons who were already in the area and where they had built their homes.

I've been advised that the region has been asked to do a study of that matter and advise the Ministry of the Environment as to what the total costs would be and what

sort of funding it would require to make sure there was no increased cost as a result of that decision.

We recognize that the decision to put that servicing in the ground was one that was made in concert with the ministry and with the region and municipalities involved, and the change of those boundaries was an action by the provincial government and that they have to be compensated accordingly.

**Mr. Hall:** I think it was intelligent, of course, to recognize the difference the municipalities would face by reason of excess cost under the circumstances, but I am interested in finding out what the follow-through mechanism is. Is there a committee working to resolve this? To the best of your knowledge there is a dialogue going on with the region and the Ministry of the Environment, is there?

**Hon. Mr. Rhodes:** Yes. There are other aspects of it as well, of course. You will recall at that time we announced the boundaries that we indicated this would more than likely redirect growth in the particular area. Certainly part of the study as to the costs would involve the servicing that was already in the ground as well as servicing that would be required if the direction was changed, not only the in-ground services but other things such as transportation facilities, and we've asked that there be—and I understand this is in place—a study carried out involving the region as well as the ministries that would be involved. I guess the two main ones would be Environment and Transportation and Communications.

**Mr. Hall:** It would be a fair request then to say that we can take this up further with your people to monitor it if it becomes necessary to do so later on, is this true?

**Hon. Mr. Rhodes:** I don't know whether you would take it up with the people in this ministry. I am assuming that it would be taken up with the people in MOE and MTC for the region.

**Mr. Hall:** The reason I relate it to your ministry, Mr. Minister, is, of course, it was you who made the statement.

**Hon. Mr. Rhodes:** Yes, I made the statement that the funding would be available. I can't tell you as to what degree it would be. I was asked that very question, if you will recall. I'm sure you have the various papers' coverage of that.

I was asked how much money would be available and I stated at that time, I think quite correctly and fairly so, that I could not put a figure on it because that number had



not been determined. We had made a commitment to the region that we would meet those financial requirements as it related to the increased costs on servicing that was in-ground and would not be used, the capacity that would not be used, and the development that would not be there, plus the fact that we have said to the region that we would be there to provide financial assistance as a result of the change of direction of growth and other facilities that may be required if the move is to the top of the Escarpment.

[8:30]

**Mr. Hall:** I want to get back to that funding to assist in the redirection of growth which you were talking about, but first of all, on sub-trunk systems that the Ministry of the Environment may say there is a lesser need for now, does that mean that in those areas which might be partly in urban area boundaries now and partly not in will not proceed? You are having to cross agricultural areas to service other areas that have needed this sanitation for a long time, and in different parts of the Peninsula there are still grave concerns by the medical officer of health about areas that are now not in the urban area boundaries. What do we do about places like that?

**Hon. Mr. Rhodes:** I don't want to pretend to speak on behalf of the Minister of the Environment, but I think that it goes practically without saying that if there are health hazards in a particular area that are going to require some action to clear up that particular problem, then that action will be taken.

**Mr. Hall:** Without modifying the urban area boundaries, though?

**Hon. Mr. Rhodes:** I would say at this stage it is not my intention to modify the urban area boundaries, nor to recommend that they be modified. As you well know, the whole matter will be going before the Ontario Municipal Board and I am sure will be subject to considerable public debate.

**Mr. Hall:** You mean individual applicants' cases when you say the whole matter?

**Hon. Mr. Rhodes:** I have requests for referral which have come to my attention, requesting that the whole matter of the urban boundaries be referred in its entirety to the Ontario Municipal Board. So the whole matter will be dealt with. The referrals are legitimate requests for referral and they will be dealt with accordingly.

**Mr. Hall:** The white paper that you will be developing this fall with regard to the

OMB's function in community planning won't change the base of authority for that then?

**Hon. Mr. Rhodes:** I think when you have had an opportunity—and I say this with respect, as I am sure you haven't had a chance to read it in its entirety the report that Mr. Comay has made—I think you will find that although he is recommending some alteration to the Ontario Municipal Board's function he does not recommend the total abolition of it and it will remain as a functioning board.

**Mr. Hall:** I am just wondering whether it will come back to the ministry more and to the OMB less in the resolution of these problems if that revised situation were in place now and not knowing what the time delay would be in a person making an application to have redress on this.

**Hon. Mr. Rhodes:** Again, I think you will find in Mr. Comay's report that rather than it coming back to the minister per se perhaps if his recommendations were to be adopted you would find it more going back to the municipality, in this case the region.

**Mr. Hall:** The region?

**Hon. Mr. Rhodes:** Yes, if—and I emphasize "if"—Mr. Comay's recommendations were to be accepted, you would find that his report shows that he is recommending that the Ontario Municipal Board act as an appeal board, but then in fact would recommend to the municipality involved, which in this case would be the region, and the region then would base its decision on the recommendation it received from the OMB either to accept or reject as it saw fit.

**Mr. Hall:** I think it would be rather difficult for us as a committee here to discuss with any degree of accuracy what is going to happen as eventually the Comay report has its public perusal and the briefs that I anticipate will be submitted to the ministry; it is very difficult for us to attempt to relate activities that are covered in these estimates to what may well take place as a result of whatever recommendations are accepted or rejected. I cannot with any accuracy say to you, yes we are going to accept Mr. Comay's recommendation as it relates to the OMB, or any other of his recommendations at this stage.

**Mr. Hall:** I appreciate that. But I got on to that line of thinking because you said these other questions which I pose will be answered by the whole matter being reviewed by the OMB and this is what brought it to mind.

**Hon. Mr. Rhodes:** Yes, and I would have to think that the referral of the matter of the boundaries situation, among other referrals that we deal with regularly that are referred to the OMB, will be dealt with by the OMB as it's presently structured. I don't think we'd change horses in midstream. We would go ahead and allow the OMB to carry out its function as it now operates, and if there were any changes I'm sure they would be far enough ahead that they would deal with them with new applications.

**Mr. Hall:** What is the basis going to be of funding to assist in the redirection of growth, Mr. Minister? On application, an assessment by the ministry as to whether the region's plans make sense to them? There's no given amount of money that is going to be at their disposal, I don't suppose?

**Hon. Mr. Rhodes:** No, I don't believe it's the intention of any of the ministries that would be involved who would be expected to provide funding for where their area of responsibility may be. No figure would have been set. I think that would be a matter of discussion between the various ministries and the region as to what their plans are, and to what degree of servicing is required, whether it's in-ground or transportation facilities or others. At the time the particular work is approved and the work is under way, then it would be the time when the funding would be resolved. So you can't put a figure on it, and you'll be dealing with more than one ministry at that particular time.

**Mr. Hall:** This is a point that disturbs me, Mr. Minister, in that I don't know the easy answer to it, but collectively the cabinet made a decision and you are the one who delivered the message, yet to go back and make the adjustments or make the new forward directions or what have you that have to be done, it would appear that there would have to be an approach to different ministries.

**Hon. Mr. Rhodes:** That certainly is not a new approach. It seems to me to the best of my knowledge that's the way it has always been, where a government develops policy and the ministries who are responsible for the various aspects of that policy provide the necessary assistance, be it financial or otherwise. So it's no different than it is right at this very moment or as it was prior to the urban boundaries being established. If you're dealing with highways, you deal with MTC. If you're dealing with servicing, you deal with MOE. If you're dealing with planning, you deal with the Ministry of Housing.

**Mr. Hall:** Yes, I know, but let's not pretend that I don't have a point here.

**Hon. Mr. Rhodes:** I don't know what your point is.

**Mr. Hall:** This was a special situation—a decision by cabinet, not by your ministry—and I say that special situations need special methods of solution.

**Hon. Mr. Rhodes:** We disagree that any special solution is required. It's a matter of a policy that has been established by the ministry as it related to the urban boundaries in the Niagara region. The policy was that this is where the boundaries would be on the recommendation of the Ministry of Housing from the planning aspect.

**Mr. Hall:** I'm looking at a source of co-ordinated approach to resolve this, because it was a co-ordinated approach that decided it. The co-ordination would be a lot more simple, I suspect, for the regional municipality than an individual approach to the different ministries, because they all have to live within certain budget restraints and it's very difficult to get their attention. It might be more difficult with one ministry than another ministry, and that would carry out the intent of what the February 17 pronouncement was.

**Hon. Mr. Rhodes:** I would have to think that you are conjuring up in your mind a problem that I just don't think is going to be there, because the region has experienced staff who are quite familiar with dealing with the various ministries of government. They will have the opportunity to present their particular requests to government as the development starts to take place.

We have recognized that by the establishment of these boundaries that the direction of growth may change and then it will be the responsibility of the various ministries, as it is now, to be involved in facilitating that change of direction and the growth that may take place as a result of it. I'm sure you understand, and I know you do, that if a new highway is to be built, the planning and the construction and the funding will be handled by MTC. The servicing that will be required as far as sewer and water services are concerned will be done, as it has been done in the past, in conjunction with the region and with the Ministry of Environment. Nothing will have changed, except the direction of growth.

**Mr. Hall:** Under the present system of restraint—I may be a little loose with the figures because I'm not 100 per cent certain of them, but it seems to me that in 1976 the capital funds allocation by the region



was severely cut, say from some \$19 million in projects to some \$12 million because of the restraint program. Therefore, it sets up a circumstance where the region, of course, has to establish priorities as to where it will spend its money. There are any number of such circumstances now where you keep putting on a capital budget a particular item and it doesn't quite succeed in being allocated that year. I'm just wondering whether we're going to be into the same set of circumstances here, Mr. Minister.

**Hon. Mr. Rhodes:** I can't project for you as to what sort of capital expenditures the region will be prepared to enter into and with what degree of rapidity you're going to see this sort of development take place. I think you would agree with me. One of the reasons that we did, in fact, take the action we did on the reduction of the urban boundaries was that the numbers that we had available to us "produced by the region itself," numbers produced within the Ministry of Housing, showed that the amount of land that was being proposed to be put in the urban boundaries of Niagara region was far beyond the needs of that region as far as its essential growth was concerned. I don't have to tell you because I know that you're very aware that the growth in that particular area has not been phenomenal. I think you would agree that the proposed urban boundaries were far in excess of what was required to meet the growth potential of the communities in the area.

**Mr. Hall:** With the exception of the fact that, generally speaking, people working on municipal official plans had historically used a 20-year time-frame and your February 17 announcement used a time-frame of 10 to 15 years, I believe, instead. I really feel that the area municipalities and the regional municipality would have been criticized in earlier days if they had not looked 20 years ahead.

Correct me if I'm wrong, but this is the impression that I've had.

**Hon. Mr. Rhodes:** Let's put it in this light, when we made the announcement as to the urban boundaries, we stated it was for 10- to 15-year needs of the area as far as development was concerned. I'm sure you are aware of the fact that I and the ministry and the government were severely criticized for the fact that we said that it was the needs for 10 to 15 years—not because we didn't say it was for 20 years. The criticism, in particular from the member for Welland-Thorold (Mr. Swart), was that we were

in fact saying that should the 10-year period be reached or the 15-year period be reached and the development had taken place we would be prepared to extend those urban boundaries.

I think you will recall those comments. He based part of his argument in opposition to the boundaries as not having been cut back enough on the fact that we are, in his belief, jeopardizing the future of the agricultural and the tender fruit lands in that area.

**Mr. Hall:** That's one man's argument.

**Hon. Mr. Rhodes:** Yes, but I suppose we could say that your argument is one man's argument and mine is one man's argument, and it's the nature of the beast within us.

**Mr. Hall:** No, I don't quite accept that. Will you clarify for me, has 20 years been the normal time-frame for looking ahead for official plans?

**Hon. Mr. Rhodes:** I don't think there's been a hard and fast rule of 20 years. I'll bow to the expertise of the planning people. But I'd say 15 or 20 years. I think that's a fair assessment.

[8:45]

**Mr. Hall:** Was Niagara any exception when it was cut back from 10 to 15 years, or is the general guideline for communities in the future going to be a 10-year frame? It takes five years to get them through sometimes.

**Hon. Mr. Rhodes:** Yes, usually the municipality is successful in delaying it that long. Yes, I agree.

**Mr. Hall:** I am not saying who does it. I'm saying that it takes up to five years to get them through sometimes.

**Hon. Mr. Rhodes:** I think we have to recognize, as we did at the time the boundaries were announced, that we are not dealing with an average type of official plan that is applied in an area where development is potentially going to take place. You know better than I that the arguments being raised at the time, and are still probably valid arguments, were talking about a unique area of the province in which there was a need for a provincial interest to be established. Perhaps we can say to you—and I can say this with a degree of qualification because I'm speaking now as one person—that the development of a 10 to 15 year growth potential in that area I think, maybe, is valid. This is valid as far as the Niagara region is concerned because of the uniqueness of the lands that we are dealing with.



Mr. Hall: I'll pass on to another item.

Mr. Riddell: All the land that was retained for agricultural purposes will never be farmed economically.

Hon. Mr. Rhodes: I don't pretend to be an expert on the economics of farming. I bow to your greater expertise, Jack. You may be right. I've been told that by a number of farmers. But, I'll tell you what you do. Have a meeting with your Metro caucus and see what they think in Metropolitan Toronto.

Mr. Hall: I'm passing off that particular topic, if you don't mind. The same matter pertains in your plans administration showing \$66 million. In connection with the changes that were applied to these municipalities, has there been any offer of financial assistance, as small as the cost may be, for them to now restate their zoning and their official plan wording to cover the new urban area boundaries and to inform the citizenry of the communities? They had done their work and they had spent their money. Not large sums of money, but they had spent their money to do it. Now, are they going to get this added cost just put on their shoulders or are they going to be compensated for this as they spend it again to restate where they have to be and to inform the public?

Hon. Mr. Rhodes: I don't know whether any request has been made for funding. Perhaps Mr. Farrow or Mr. Wronski can answer.

Mr. Farrow: No specific request that I know of has been made. I don't believe any of them have specifically asked for assistance in redirecting their local official plan or their existing bylaws.

Mr. Hall: Have you asked them to have these restated and to meet with your approval? Where has this been left as a result of the February 17 announcement?

Hon. Mr. Rhodes: After the announcement I had discussion with the regional chairman and with the chairman of the planning committee. I believe the director of planning was there too, yes.

At that time we said, "You go back and take a look at what you've got and tell us what you are going to do as a result of this announcement." I haven't heard from them since and I wouldn't be at all surprised if one of the reasons for this is that they probably will wait now, recognizing that this matter will be going before the Ontario Municipal Board. I am sure they wouldn't want to start into some planning process under the present boundaries only to have them altered somehow by an OMB decision

which might require them to start all over again.

Mr. Farrow: Mr. Minister, the legislation states that once the regional plan is approved, the local municipalities must then amend their plans accordingly. So I would think that in some cases the local municipalities' plans were in accord with the regional plan. But there were other cases where they were going to have to be changed anyway. I do believe that most of the local municipalities would have awaited the finalization of the regional official plan before they got involved in any rewriting or reviewing of their own official plans or local zoning bylaws. There were some changes that had to be made, even with the plan before we stepped in and made some changes.

Mr. Hall: For example, however, the town of Grimsby, since its plan was printed, it was legal; now, of course, it will have to suffer some modification. The town of Lincoln—I believe its draft official plan has been waiting for in excess of two years, possibly three years, for an Ontario Municipal Board hearing. I can't understand why it would coln—I believe its draft official plan has been printed and circularized, and of course will represent for them again a considerable cost.

It is not only at the regional level, on a two-tier system—you face both.

Hon. Mr. Rhodes: I don't think there's any question—I say here without any qualification that we have been assisting municipalities right across the province in the planning process, through various grant programs that we have. If, as a result of the change of the boundaries, there is to be extra planning work that will be required, then we will be there to assist financially through this ministry in that planning process.

Mr. Hall: I appreciate your saying that, Mr. Chairman, I think it is fair and right that this be the case. But I did want to establish whether or not this line of thinking was—

Hon. Mr. Rhodes: I didn't say that earlier, because there was no doubt in my mind that that is how we would go. But what I thought you were inquiring about is what sort of request had been made for funding. We have received none as yet, but I am sure they will come.

Mr. Hall: In your community renewal section, does this include downtown revitalization?

Hon. Mr. Rhodes: Yes it does.

Mr. Hall: You have certain requirements before a community can be approved for a

program, I believe, eh? And you look on it sort of as seed money around certain specific projects which a community might come up with, and I believe that, among other things, you ask for residential and commercial standards bylaw to be in effect in a municipality before they become eligible?

**Hon. Mr. Rhodes:** We ask for an official plan and zoning bylaw—that's required.

**Mr. Hall:** But you ask for something beyond that?

**Mr. Farrow:** We require an amendment to the official plan specifying that they will go into a minimum standards bylaw, or a policy statement outside of the official plan if they don't already have an official plan.

**Mr. Hall:** I still don't quite understand, Mr. Farrow, regarding a town which has an official plan and zoning bylaw, but may not have the minimum standards bylaw. The more sophisticated and larger communities have minimum standards bylaws, but a lot of the other communities haven't progressed to the extent that such a bylaw would be really acceptable in the community. It would be noted more for its fracturing than its observance, it seems to me.

**Mr. Farrow:** The only point I was making, Mr. Hall, is, before a minimum standards bylaw can be adopted and approved, they have to have a policy statement. We feel this is fair enough so that they say what the municipality is going to do—the municipality's commitment to this program, what they will do, how they will do it. That must be either by means of an official plan amendment or, if the municipality doesn't have an official plan, they can make a policy statement that is outside of an official plan, which the minister will consider and approve.

**Hon. Mr. Rhodes:** Perhaps I can clarify it somewhat. We are not asking, for example, a maintenance and occupancy sort of bylaw. We are not asking for that nor for a residential standards sort of thing. What we are asking for is a policy statement from any community that does not have an official plan as to what they want to see happen in the core area of their community they are talking about redeveloping. So that they can say to us, "Look, this is what we want in the way of a policy statement through this area." If they have an official plan, it may require an amendment to the official plan to designate the core area of the community so that that's where the redevelopment would take place. We are not going to the stage that you thought we were, that is, that there

was a residential standard sort of bylaw passed.

**Mr. Hall:** There seems to be some confusion on this because I specifically looked it up in the period prior to June 8 because the question was raised. I am relieved to hear you say this because, speaking in general terms, it has been my experience that the small communities which need downtown revitalization the most by their very nature don't have these other things going for them and aren't so far along in these other respects.

**Mr. Wronski:** Actually the only two programs which require either maintenance and provincial standards bylaws or a statement to that effect are both Ontario home renewal programs, that is, the private one as well as the rental one. Rental positively requires the standards because we are dealing with multiple uses, with multiple development. The other one, that is the private rehabilitation, does not require it as a condition. It will suffice if they have one that is very good or a statement that they shall bring and maintain the properties up to the health and safety standards and so on. So these requirements don't apply to the commercial cores because obviously there is very little residential development in them.

**Mr. Hall:** I will pass on that for now. Just touching on this whole matter of uniformity of municipal zoning bylaws and standards, could you tell me whether within the plans administration branch, you have any system of regular follow-up to ascertain progress that communities are making towards obtaining, first of all, the expertise to put a plan together and then the seeking of approval of it, or are you leaving it primarily to the municipalities? I am trying to understand why there are certain delays in different municipalities when this is happening.

**Hon. Mr. Rhodes:** The community planning branch has people that are out in the field working on a regular basis with municipalities in the preparation of their plans. At the same time, we provide substantial funding, I believe, to municipalities who wish to hire consultant firms to assist them in the preparation of their official plans or bylaws.

**Mr. Hall:** This is relatively new in the last couple of years, I believe. In some of these earlier plans you didn't offer that and possibly this is the reason they are dragging their feet. If they initiated a program but did not really work at it too hard, would they by some manner or other have elimin-



ated themselves from the possibility of financial assistance to it?

**Hon. Mr. Rhodes:** No, any municipality certainly can apply for these grants.

**Mr. Hall:** Going back to the other then, if money is not the problem why is there a two- or three-year passage of time during which these things are not acted on? I am not saying it is your responsibility but I am saying it should be your concern under plans administration.

**Hon. Mr. Rhodes:** It is a concern. I think I can say without any qualification that the people in that particular branch spend a great deal of their time going into municipalities, meeting with municipal councils and officials trying to the best of their ability to speed up preparation of official plans or in some cases comprehensive zoning bylaws. There are areas where we have minister's zoning orders I would like to take off. There is no joy for us to have these zoning orders in there and to have to put up with the continual requests for amendments to them. We try to get these municipalities, and we send field people in there to work with them; to develop comprehensive zoning bylaws. To be quite frank with you, there are a great many of the less sophisticated municipalities that you are referring to which just don't want to go ahead and do that sort of thing. We keep prodding them and prodding them and we are making some progress. We would like to see it go a lot faster, but short of going in and saying, "Look, just get out of the way. We are going to put a plan on your property," I don't know what else we can do.

**Mr. Hall:** I can appreciate that you wouldn't want to do that. But they have these circumstances, of which I am fully aware, where the plans have been done and yet there is no point of finalization. The municipalities themselves, apparently, are unable to say why there hasn't been a hearing or something like this, and years go by.

[9:00]

There was a case in the town of Lincoln where there was a court situation this spring in connection with a person's property being left, in effect, in planning jeopardy for too long. The judge ruled in the man's favour as an individual—a man by the name of Rethazy—and said that he had been on the hook, in effect, for too long and granted him approval.

I'm saying, why is there this long length of time?

**Hon. Mr. Rhodes:** If you're referring to a delay in getting an Ontario Municipal Board hearing, I'm afraid I just can't answer that for you.

If the plan has been prepared, the plan has been submitted to the ministry, and we're assuming that the discussions of the liberation between the ministry and the community have been resolved, any difference there has been resolved, and if there have been objections to that plan and requests for referral if the objections can't be resolved, then I'm afraid that I can't answer you as to what would create the delay. We send the referrals in and the Municipal Board then determines when they're going to hear these particular matters.

**Mr. Hall:** There would be no dialogue between you and the Municipal Board as to whether this should go slow or go fast because of other surrounding circumstances?

**Hon. Mr. Rhodes:** The only dialogue we can have—as you know the OMB is not a responsibility of the Ministry of Housing—is to request the chairman of the board to do everything that he can to speed up the particular hearing, and we have done this.

**Mr. Hall:** But there is no instance where you said you'd better not act too fast on this because some other things might be coming along?

**Hon. Mr. Rhodes:** No, let me say to you, sir, without any hesitation, that one of the things that we would like to see happen is to get as many of these plans approved as possible because, frankly, it makes our job a lot easier.

**Mr. Hall:** On a more constructive tone, then, as a ministry you would be willing to approach the OMB to try and hasten it on our municipality's behalf?

**Hon. Mr. Rhodes:** We have done so. All we can do is request that they speed up and get the hearing as quickly as possible, but it's their decision.

I think Mr. Wronski has made a very good point and that is that if I contact the Municipal Board and suggest that they speed up a hearing for the town of Lincoln, let's say, it may well be that as a result of speeding up that particular hearing they're going to drop out somebody else.

**Mr. Hall:** You have some municipalities, though, which are, in effect, disenfranchised from participating in some of the revitalization and renewal programs that you have if you require certain steps which need OMB approval in the final analysis—such as in the official plan amendment or such as the zon-

ing bylaw. They're being pre-empted from enjoying the growth that other communities are having—and this is a concern to me.

**Hon. Mr. Rhodes:** Very well, sir, but I say to you without any hesitation that we have developed this program based upon the need for an official plan and zoning bylaws in the particular community. I'm not going to set a double standard. If a community wishes to participate in the downtown revitalization program, it is up to them to prepare an official plan and zoning bylaws. And we say to them: when you've accomplished that then you are certainly qualified.

I think it would be totally wrong for me to allow one municipality to proceed with a revitalization program without an official plan or zoning bylaw, while other municipalities which have gone through the effort of preparing such documents would be in the same category. And I assure you—I withdraw the "assure you"—I suggest to you that if we ever do that, that we will only slow down the process of getting official plans and zoning bylaws, because who needs them?

**Mr. Hall:** I'd like to follow this up at a later time with you because I do know instances where four years have gone by and people in the community don't know why it's not happening. This is not to say that prior to amalgamation under regionalization they didn't have an outdated form of zoning bylaw, but not in the post-1970 type of zoning bylaw. The updating has been going on for several years, and it's this updated program that is suffering great delays.

**Hon. Mr. Rhodes:** I would like to suggest to you, Mr. Hall, that if you have a number of these municipalities, or if you have one such municipality, with that sort of delay, advise us of that municipality and we would be more than happy to determine what has caused the delay.

**Mr. Hall:** I would be pleased to work with you, but I just wanted the opportunity to consider community planning and to discuss what the parameters were of how you function in this area. When I read what you have said, I'll have it as a source of reference. I will retire for now and possibly touch back on some of these matters later on. Thank you, Mr. Minister.

**Mr. Breagh:** I want to deal with a couple of substantive items. In particular I want to make some comments on The Planning Act review which has been put down today. I understand the minister is going to want, quite rightfully, to hear comments from municipalities and from a number of

people involved in the planning process before he commits himself to a formal position. But, I do think it would be worthwhile to get some comments on the record now. I don't think it would be out of line to have the minister make some responses, although we might all accept—and I'm sure we will—that they are not the formal position of the government now and that you will want to reserve judgement on that until later.

I have one interesting point that is maybe a little out of order here, though, which was raised with me today. What is the special warrant for the sum of \$600,000 being ordered authorizing payments for the purpose of providing insurance in the full amount of the deposits or down payments of condominium purchasers who are either not previously covered or only partially covered by insurance under the HUDAC new home warranty plan, there being no legislative provision for the expenditure and the same being urgently required? What is it?

**Hon. Mr. Rhodes:** I can give you a very general idea. I'm putting material together so I can give a more concise and detailed answer to the question which I knew would be coming as a result of placing this before the Legislature. It deals with an important situation that developed revolving around a large condominium development in which certain people were going to be very severely hurt as a result of actions of third parties. I think rather than try to give you a thumbnail sketch of it, I would rather present you with a detailed answer on that particular matter.

**Mr. Breagh:** Could you tell us when we might expect a statement on that?

**Hon. Mr. Rhodes:** I think I can have it very shortly. I would think perhaps at the next sitting.

**Mr. Breagh:** Okay, that's fine.

**Hon. Mr. Rhodes:** Would you prefer me to respond to that question in the Legislature?

**Mr. Breagh:** Yes, I think it would be most appropriate.

**Hon. Mr. Rhodes:** This is where I intended to handle it.

**Mr. Breagh:** That's fine, and if we could get that within the next day or so?

**Hon. Mr. Rhodes:** Oh, sure.

**Mr. Breagh:** I want to deal, then, with The Planning Act review because it has been a couple of years in the making and probably longer than that in the need. Two of the



principals who are involved in the committee, Comay and Earl Berger, are people whose work I am familiar with both on paper and as consultants to a number of projects I've seen and to a number of municipalities I've worked with. I have also seen some of their projects in the ground in their final stages, and I do respect their expertise in the field and the contribution they have made to planning.

But, I see problems with the review. In fact, I'm a little bit disappointed in it because, while it does deal with some problems, it skirts around some fundamental issues. The main one I would see in it is what is the role of the province of Ontario in the planning procedures in the future?

We all understand that the official role of the provincial government is all-encompassing just now, the way The Planning Act is written, and in practice it is much less than that. Some might even argue that the official role might be everything and the actual role is nothing. Maybe somewhere between those two extremes is exactly what happened. But this review and the recommendations it makes really don't deal with that. It talks about the province setting policies, which this government today has had some difficulty doing. It talks about the province supporting in certain ways, kind of complementing in other ways, things that municipalities might do. But it doesn't really address itself properly to the role of the province.

Does it fund the planning process? Does it fund the hard services that are necessary if you are to consider a planning process as something other than a paper exercise, if it is ever to become reality? Does the province set out a total official plan of its own? It doesn't say very much about that at all, and that's surprising.

That's surprising from the point of view that if you review the planning process in Ontario at all you've got to recognize that there isn't any plan for the province, either in total, done by the province of Ontario, or as kind of a set of little parts that have been done by municipalities. In fact there are vast tracts of land in Ontario for which there is really no plan at all—nothing at least that has been put together in modern times.

From some period in the past you may be able to find some form of a plan, or you may be able to go to one of the ministries and find that a ministry has its concept for that particular area put together and on paper and perhaps even is implementing it. But you don't find something that represents

the views of this government or a plan that is put together even in its loosest form by the province of Ontario.

In fact what you do find, if you find anything, is a set of conflicting plans. Different ideas; notions that have been put together at different points in time; ideas that have been kited; planning studies that have been carried out—but you don't find what you'd look for in, say, a local official plan. It isn't there, not in any form.

I want to run through some of the major holes. That's the biggest one that I see—where does the province of Ontario fit into this? The entire report—and I really haven't had the chance to study it that I'd like to have—is pretty silent about what's the role of the Minister of Housing past this point. Is he still the big kahuna? Does he sit and watch?

It would tend to say that the municipalities will play a much stronger role, but is that really true? For example, in the region of Durham when the province of Ontario decided that the Ontario Housing Action Program was a great thing, and set a policy and laid it out and put some financial backing to it, and then that municipality accepted that as provincial policy, put it into its official plan, approved, I think, something like 25,000 units to be put in there, accepted the cheques with a good deal of graciousness, I thought, when the minister or the ministers as a group attended to the council.

Now the region is beginning to realize that all those things are nice, that policy was a nice one and the cheques were okay, and it's not bad to have those costs delayed for two or three years and to have a preferred interest rate on it, but no matter how you cut it, they're still looking at a \$38 million debt for a provincial policy. They have asked the minister to kind of reconsider, because they're starting to think how all of those debts are mounting up, and whatever other housing activities might take place in the region are going to suffer because of the kind of debt that's been run up by that one policy program.

That's kind of taking a provincial policy, a provincial program, a role that the province has played, and looking at the financial costs that are at the other end of that, because I think that's important. I think in particular there is mentioned, in a couple of recommendations here, things that would very seriously affect how houses go into the ground. In particular, it says rather definitely in one part of the review that they are prepared to consider costs on the actual site,

but not things like main plant costs. That's the expensive part. It's all very well to have the pipes in the ground, but if the pipes don't go to some plant somewhere to either process the water or process the waste, it's not a very good project.

So there is that problem of financing which I really thought The Planning Act, this review, would have at least thought about. Because it's an important part of planning. We sometimes hammer municipalities saying, "You guys aren't approving plans as quickly as you ought to. You don't want certain kinds of housing. You're setting up lot levies that are blocking the planning process." But you really have to recognize if you look at that seriously at all, the major part of their concern is who pays for all of this. Because the bill that comes in at the end is a substantial one and is causing rather serious problems at the property tax bottom.

Another point that I thought was rather unusual is that it plays around with the term "official plan," and moves to something which they call "a municipal plan" and uses another term for which the name escapes me it's so good. I keep wondering as I go through these recommendations, are they really talking about a land-use plan as opposed to something that takes into consideration the economics of the area, the sociology of the area, just the geography of the area? Or are we talking about the old notion that planning is just land-use planning?

Do we not look at whether you need industries to support housing in a municipality? Do we not look at transportation problems, when you put an industrial park at one end of a municipality and make everybody travel through the entire length and breadth of the municipality to get to work every morning? Does it look at those things in isolation or does it look at them in context? I think that's a very serious problem that I don't see being resolved in here. There are a lot of unanswered questions in that.

It says a remarkable thing in here. It says that these new municipal plans, whatever they might be, would be done essentially in most municipalities by the council or someone else they might appoint, like a planning board, and that there would be a periodical review which, they say, would be during the life of that council. If you stop to think about it, that's a new official plan every two years. I have some great difficulty with that. I've seen people try to put official plans together. Frankly, if you put it to municipal councils that they have every two years to come up with a new plan, that's a major

task. Coming up with a new plan is not just refining the thing a bit here and there.

That whole review process is a major task. I would think anybody who would be crazy enough to sit on a planning and development committee in a municipal council that had to come up with a new official plan every two years wouldn't be around very long for starters. There are some very serious political problems in that—just trying to survive. The task of trying to put one together is pretty substantial. If they are saying that you should provide for some kind of a review mechanism, how is that any different from accepting the concept now of official plan amendments?

If and when someone points out something that's wrong with your official plan, you change it by a form of amendment. I think there's some difficulty there.

I notice it does at least recognize the problem of approval by saying that you would like to have the municipalities do a lot more of that approval. That sounds okay to me because I think that there are a number of municipalities in Ontario that could handle that. There are also a number that couldn't. I am not terribly sure they've made sufficient recommendations to cover that, though there are some ifs, ands and buts thrown in. The other part is that there are some costs involved in running that approval process.

The only thing I see that the minister retains in a couple of instances is the right to set fees. So you would have the odd thing—not really odd because it's happening now, but odd from the municipalities' point of view—that they are expected to handle the approval process and the costs involved but the minister will then tell them how much they could charge for providing that service. I find that a rather strange thing.

One small point, I notice they are recommending in areas where you had to consent that you would allow them to charge \$100 now. If I remember rightly, two years ago the PLMC came to the ministry and asked to have it upped to \$100 then. I would suspect that the costs of handling that approval would have risen a bit from that period in time, and I suspect that that amount has to be looked at.

There are a lot of difficulties that I see in there. It is saying to municipalities throughout Ontario that they've got to come up with this thing called the municipal plan. They are mandatory but they are not mandatory. They are and they aren't. It seems to me that the review committee in going through that process seems to have run upon the problem that maybe not everybody can do it. But certainly, if you can't do it, there are



some hookers involved. There is a stick being used on that.

I am having some difficulty, just having looked at essentially their recommendations, understanding why they chose to go to a new name, the name being the one that I remember as a municipal plan as opposed to an official plan. I suspect that the distinction there is that official plans are generally tied up as being policy statements of a municipality that are then backed up by a bylaw, which is really the legal part of enforcing it. I am wondering what fine distinctions they are trying to draw there by using a different name.

Are they saying—and this has some danger to it and shouldn't be underestimated—if you change the name and change the approach to implementing an official plan that you are really loosening that up substantially? I would have some concerns, whatever title you might apply to the document, that you just said that's wishful thinking. If somebody can come in with something that's close to that, that is reasonably close to that—and it's when we get into reasonable things that we usually have our problems, because then the argument starts about what is reasonable—it gets approval.

You don't have to do an official plan amendment and you don't have to change your zoning bylaw. The municipal plan is just a book on a shelf, a nice idea that might happen some day.

I see some real problems in that. Unless they went into greater depth in other documents that I haven't really pursued at sufficient length just yet, I have some grave difficulties in accepting their problems there.

They did the number on the OMB, I think, substantially proving that there are some problems with that. But I am really perplexed to think that they came up with much of an answer. For example, it says the OMB should hear those appeals, but it shouldn't really be a hearing; but it is a hearing, but it isn't a hearing, but it recommends back to the municipality who sent it in the first place. Well, it strikes me that it is usually when the municipality gets into a problem that something gets referred to the OMB. Now you are going to refer it back to the municipality after the OMB has heard it in some form.

I don't know whether that is a very sensible proposition or not. It strikes me that if I ask you to arbitrate a dispute and you send it back to me to make the final answer, there is a little bit of a problem there. If we could have resolved it in the first instance, surely we would have done it at that point.

Why would we want somebody else to say yes or no and then come back and we have to make the decision again for ourselves? That is a problem.

It attempts to get at the problem of frivolous objections that might not be considered valid by the entire world. It says they will solve that by asking people to put those objections in writing, and that's about it. If you are Joe Crackpot out there and you send a letter to the OMB, somewhere in the letter you'll probably say that this is a dumb idea and that's the reason for your objection. It doesn't seem to deal with criteria.

Does he have to get any community support for his objection? Does he have to get 100 names, 200 names, or whatever? Does he have to deal with the financial costs of holding that hearing? Does he have to provide for the situation of municipalities or developers who might have to go to the work and expense of hiring a lawyer or doing a planning study, to get ready for this Municipal Board hearing? Can anybody cause that kind of expense to happen just because he says that something is not a good idea? Or are we really saying that for the first time, the OMB might say that is a frivolous objection and we won't hear anything on it? It seems rather silent on that particular point.

I'm not sure that it deals with this matter, which is a tough one, about public agencies making comments on official plans, plans of subdivision and everything else. It says you have to give regard to the comment, but it doesn't say very much about things like conservation authorities, which in certain areas kind of override whether or not a plan of subdivision can go through.

If you read one Act under one ministry and one Act under the other, you see they don't always jell quite the way they probably want them to. One ministry, as an example, is responsible for conservation authorities; your ministry is responsible for plans of subdivisions. One will say, "You can't do that," and the other ministry says, "Oh yes, you can." That is fine. Under the current circumstances there are conflicting laws and off you go to court. But if The Planning Act is changed to say that you have to have regard for the comment, that is a different ball game entirely. This might mean, for example, that comments of conservation authorities, laws of the province of Ontario, or regulations set down by the Minister of the Environment, might be ignored because you can certainly have regard for somebody's comments without paying offi-



cial attention to them. That would pose some kind of a problem.

It goes on to deal with the matter of park lands. I'm not sure that the recommendation of one acre per 120 dwellings is really a definitive answer because that one acre isn't always there. It talks about cash in lieu and attempts to deal with that interesting problem of when a municipality opts for the cash in lieu and wants the money on the line, how much is the money worth? It suggests, I think, a workable solution to that. But it seems unclear about industrial and commercial sites making their dedications and whether that is a proper restriction on their part, particularly for areas of Ontario where you might want to provide incentives for new industrial parks or for new commercial development. You might have gotten yourself into a small problem if you accept that recommendation.

The biggest single one that I see in here as a practical deterrent is their definition of capital costs of physical works. It really says the plants have to be on the site or in the subdivision. I think that really speaks to an important point. While the pipes in the ground are expensive to put in, it is the big plant that is really expensive, along with all of the other services that people seem to demand and that planning indicates ought to be there, such as the parks, the rinks, the library, the firehall and everything else—you know, the police cruiser and the new police station.

All of those things, then, would be outside what you could charge against the developer. And a number of municipalities have got themselves into the position that in order to take the kind of growth that developers are pushing very hard for, and which in a number of cases the province of Ontario itself has said they ought to take, in order to finance that growth they have gone to things like lot levies and service costs that are steep, without question.

But the option is pretty clear—you either charge the developer when it goes in or you charge everybody else. And they know full well that they can't charge everybody else on the local tax rate. It won't take it. So if the development is to go through it's got to come off that as an initial capital cost.

That's a tough one. But to take these recommendations and to apply them in the region of Durham would, I'm sure, really mean that substantially for the next five, maybe 10 years, those people on that council would be crazy if they voted to allow any further building in the area. They couldn't

get it past the taxpayers—and I think quite rightly. Because they have really in good faith reacted to provincial proposals to allow a lot of development in the area and in particular a lot of housing development in the area. And they're seeing some shortfalls in those programs now and they are catching up. I think that would be a substantial blockade to approving anything else. I mean, you're really putting them on the spot—that point where they have to say, "We might like to have more housing in this area, it might be a good idea, for a number of reasons, to allow more development in the region of Durham, but we can't afford it."

Essentially, as I understand it, that's the argument they're currently making with the minister—that they don't have very far to go just now. They've just had what is known locally as the great water and sewer ripoff. This was an attempt by the regional council to build into a rate structure for water and sewer services some measure of financing new capital projects in other areas. We argue a bit over what they mean by "some measure," but, without question, even in their own publicity blurbs to the ratepayers they say there is some measure of capital cost being built into that rate structure and that it will escalate over the next five years. Those screams and the 9,000 signatures that were brought in here this year will only be the forerunner of what happens over the next five-year period.

It looks at the substantial problem of putting those capital costs, then, directly on to the local mill rate, unless of course we're about to hear a great announcement that the province is going to take over even more of those capital costs in the form of direct grants as opposed to loans to a municipality.

I remember a small discussion we had in the debates just before we were rudely interrupted, about planning in the north—in particular, planning in areas where either there is no municipality or no municipal planning group that you can go to. The review talks about the things that we discussed on that particular day—of particular ministries which may have plans for that area. It occurs to me that in the House tonight, supposedly, is going on another form of planning. That's Mr. Justice Hart's review of that area, which in a very real sense is going to turn out to be a planning exercise in a number of ways. The recommendations I suspect that he will make under that Environmental Assessment Act, the Act that he will operate under, will in great measure have to do with how that area is planned.

It doesn't talk about that very much in the review. Is that a one-shot tool? Is that a technique that the government is proposing in a number of areas? Because it strikes me that that's probably a rather valid one. I would have some concerns, although other colleagues of mine have more faith in your ministries I guess than I do.

They say, for example, that the Minister of Natural Resources is doing a reasonable job in planning, under their terms, in certain areas of the north. But the danger that I see in that, in allowing the ministries to do that by themselves, is that each and every ministry has, if they have good staff, to have a bias. And it's got to be a bias toward that particular ministry and its priorities as being suitable for that particular area.

So I'm reluctant, as one member of this caucus, to support the concept that a ministry by itself, even the Ministry of Housing, ought to be doing the planning for a particular area. That's a recommendation that is alluded to in here that I think needs some careful refinement.

[9:30]

I find it ironic that in a number of areas, though it explores the problem at reasonable length, it doesn't really recommend much of a change from what in theory happens now, and what in practice happens now in some places but not in others. And I guess that is probably my disappointment in the recommendations that I read from this particular review.

Frankly I had expected, probably because I know the people who conducted the review, that they would be more substantive, that they would be more definitive because they've identified all of the problems that all of us know are there in the planning process. But I don't think they have really taken the bull by the horns and said the province of Ontario, as a government, has a role to play in the planning process and this is it. It's rather silent on that whole thing altogether.

They are not really, I believe, addressing themselves to the practical problems of the planning process. If this were just a paper exercise there would be nothing to it. I mean, they say in parts of the review that yes, it is a paper process and we are all aware of that. The problem is we lose the paper, or it gets blocked up some place.

But it isn't that, you know. Planning is the houses that go in the dirt. It's the factories that ought to be there and the streets and the firehalls and everything else. The end result is really what is important in planning, not the exercises they go through. You can't

just talk about a planning process that is a paper process.

It's got to recognize that there are a lot of financial problems in planning. At some point in time, what you might want to do turns out to be the thing you can't afford to do. There are a lot of other plans. It isn't one-dimensional. A lot of ministries quite rightfully ought to be involved in the planning process and I really have some concerns in putting it back where I think the emphasis properly is, in the municipality.

It strikes me that for most of Ontario that's valid. But I am not sure that it says in any of these recommendations that the mechanics are there to make that work successfully, and that if they are not there there will be an attempt to provide a support system that will put them there.

Are we denying the expertise that all of the ministries collectively have, and all of the agencies collectively have, when we say that we will have regard for their comment but we won't accept their final words? "It's nice to see your piece of paper, but if you don't get the paper to us in 30 days we will forget about it entirely. And at the end of that time it doesn't really matter what you say, we as the municipality will have to make up our mind on that."

Is the only role for the province to write some policies at some point in time and circulate them, and if a municipality violates one of those policies of the province of Ontario then the province will intervene?

In thinking about what we were discussing in caucus today and what is being discussed in the House tonight about Mr. Justice Hartt, it really strikes me that that whole exercise, which is a valid one, doesn't fit into these recommendations. It's outside of them. Yet surely that is a very valid part of the planning process of the province of Ontario that isn't even here.

I would be interested in hearing some of the minister's first responses to this thing, and I vow that we wouldn't hold them as being the government's official position. But I think it would be worthwhile, certainly, that in addition to having municipalities and planners and everybody else comment on this thing, that the members of this House at some point in time would have an opportunity to discuss it now before there are firm policies taken, as well as after policies are written and perhaps put into practice.

**Hon. Mr. Rhodes:** First of all I commend the hon. member for having obviously taken substantial time to read the summary—I'm assuming it's the summary because I know that it would be very difficult to read that



total report—and to have taken the time to make your comments known.

In the statement I made today at the tabling of the report I would hope that I indicated that all persons with an interest in planning would be prepared to make their submissions. I don't think that in any way would preclude members of the Legislature, individually or parties collectively, from making their positions known.

I think it's important to point out that the Comay committee was given a responsibility to review The Planning Act. As Mr. Comay himself said earlier today at a press conference, the committee did not feel that their responsibility was to develop a land-use plan, or make recommendations on a land-use plan, for the total province. They dealt with what they felt their responsibilities were—and they were to make recommendations on what they would like to see, and that is not just an amended Planning Act, but in fact a Planning Act that would be rewritten.

There are a number of things in the report that are going to take some time to read—the background material they have produced as part of their report, some of the details and some of their reasoning. It is going to be necessary to take some time to read what their philosophy is. I think that was the point that Mr. Comay made to me in discussions I had with him after he presented me with his report initially: that there's a philosophy in there. I think you have to read the whole thing to determine exactly what direction they were going in.

One of the things that I think perhaps you'll find in that particular report as you get into it in more detail is that their basic philosophy is that no planning decisions should be made by persons who are not elected and, as a result, accountable. Some of that perhaps is reflected in the recommendations pertaining to the Ontario Municipal Board's function, not too unlike some I heard during the campaign just recently.

Mr. Nixon: Right.

Hon. Mr. Rhodes: I don't say that facetiously, or critically.

Mr. Nixon: I hope not.

Hon. Mr. Rhodes: I wouldn't do that, Robert, not to you sir. Lovely tan, I might commend you. Out in the field, were you?

Mr. Nixon: I was working, where did you get yours?

Mr. Ruston: Pitching hay.

Mr. Martel: Knee deep in the—

Hon. Mr. Rhodes: Shhh.

Mr. Nixon: That comes this weekend.

Hon. Mr. Rhodes: But that's part of what he's saying, as I read the report, that he feels the elected representatives, those accountable to the people, must make these decisions. And that no decision-making power should be in the hands of appointed agencies or boards. They should be recommending boards.

You commented on the words "official" plan and "municipal" plan. As I understand from reading it, it is recommended that official plans really would disappear as we know them. And I interpret a municipal plan to be what we now call a zoning bylaw, and it appears to me to be suggesting that the whole thing be handled by zoning bylaws. That's the recommendation, as I understand it.

We didn't ask, I don't think, the committee reviewing The Planning Act to start putting into the Act what's required in the way of funding policies and financial assistance to municipalities. I know from discussions with him that he was producing a Planning Act, and that the other sort of funding activities were things that would be developed as policies of the government, and particular programs that would fit in with what is proposed in the way of producing the plans.

As I see it, the government's role, or the province's role, in the planning process is not unlike statements that have been made, certainly by myself and others over the past couple of years, that the province's role should be in those matters where there is a specific provincial interest. And as you go down through the levels of government, if you go to the region, that the region's role should be those matters which are of a regional interest, with the local municipalities dealing with their own local problems.

In his press conference this afternoon Mr. Comay said he felt that the matter of what is of regional importance and what is of local importance should be something resolved within the region, and by discussions within the municipalities in the region and the regional government itself—relating to who has what responsibility for what. And that's where their area of responsibility should begin and end.

It seems to me in that report he's saying the same to the province, that "you should be involved, province, in those matters which are of specific provincial interest, but not involved or injecting yourself into those things of purely regional or purely local areas of responsibility and concern."



**Mr. Nixon:** That's a revolution.

**Hon. Mr. Rhodes:** I don't think it's a revolution. It's a position that I have—

**Mr. Nixon:** You've been trying and—you haven't been able to do it.

**Hon. Mr. Rhodes:** It's a position that I have expounded for some time.

**Mr. Nixon:** Nobody has listened to you, except us.

**Hon. Mr. Rhodes:** Comay has.

**Mr. Nixon:** Are you going to listen to him?

**Hon. Mr. Rhodes:** I'll wait for the comment. The other thing that I wanted to point out to the hon. member was—

**An hon. member:** Spoken like a true Conservative.

**Mr. G. I. Miller:** You used to be a Liberal, John.

**Hon. Mr. Rhodes:** I don't know what you used to be. I mean, I know what I used to be. What did you used to be?

**Mr. G. I. Miller:** I used to be a Liberal too.

**Hon. Mr. Rhodes:** No kidding. Have you changed?

**Mr. G. I. Miller:** That's right. All my life. I intend to finish up that way too. I don't intend to switch, John. I started out to be one and I'm going to keep on being one.

**Hon. Mr. Rhodes:** You may have difficulty switching. Somebody's got to accept you, you know.

Looking at the present Planning Act, though, in response to another comment that was made—

**Mr. Nixon:** The Tories will accept anybody.

**Mr. Ruston:** Yes. Marvin Shore is one.

**Hon. Mr. Rhodes:** —section 33, subsection 4, as you talk about the recommendations as to "having regard for," that basically is what is here now, as I'm sure you're aware. We do, at the present time. In dealing with official plans and draft plans of subdivision the Act does say that "regard shall be had, among other matters, to the health, safety, convenience and welfare of the future inhabitants." It then deals with such things as you referred to—responsibilities of the conservation authorities such as the "conservation of natural resources and flood control," "the adequacy of utilities in municipal services." All of these are taken into consideration for the approval of subdivisions at the present time.

So I think what Mr. Comay is saying is not so much to change that within the Act, but to say that that responsibility would lie at the municipal level and the municipalities would make that decision.

As I understand what he's saying about the Ontario Municipal Board, and again I emphasize I'm not taking a position I'm just interpreting his report—

**Mr. Nixon:** That's right. That's what they told you to say.

**Hon. Mr. Rhodes:** No, that's what I told myself to say.

The Ontario Municipal Board's function, as Mr. Comay seems to be suggesting, is that they would be an appeal board to those persons who feel that their specific interests had not been given due regard by the council. In fact, I think his exact words are—if I can think of the words. Yes. "Unfair or unreasonable decision or on inadequate or incomplete information"—these would be bases for objection to the Ontario Municipal Board. The board would deal with that to determine what other information would be provided, whether or not there was an unfair or unreasonable decision made, and then make a recommendation back to the elected body in the community responsible for making the decision.

Then, as I understand it, the elected body would then have the chore of determining whether they accept or reject the recommendation of the Ontario Municipal Board, as opposed to having them making a hard, firm decision, binding on the municipality. As you know, when they make such a decision that OMB decision is deemed to conform to the official plan, whether in fact it does or not. That would disappear, as I understand his report.

I'm sure there is going to be a tremendous amount of open public discussion about the contents of this report. Nobody's going to stand up and wave a flag in total support, nor do I think you'll get total rejection of it. And that's why I want to wait and find out exactly what some of the reaction will be from the very people who made some input into this review process. I want to wait.

**Mr. Martel:** Phil Esposito taught him all that stick-handling.

**Hon. Mr. Rhodes:** I'm not stick-handling at all. I said to you very clearly earlier, and I say again, I do not intend to make any comment on the contents of that report.

**Mr. Nixon:** Disregard the interjection.

**Mr. Breaugh:** It's not hard.

**Hon. Mr. Rhodes:** Yes, Mr. Speaker!

In the question of the northern recommendations, really what he's saying is that we should put total zoning orders on the whole area, the unorganized areas, and then establish local community councils, if you will, to deal with administering those zoning orders.

**Mr. Nixon:** Appointed by the ministry?

**Hon. Mr. Rhodes:** No, that isn't what they say in the report, I don't think, but take your time to read it, Bob—

**Mr. Nixon:** Those zoning orders are pretty attractive, aren't they?

**Hon. Mr. Rhodes:** You like those, eh?

**Mr. Nixon:** No, you do.

**Hon. Mr. Rhodes:** No. I take them off. Every time a member suggests it—like you. Right away I did it for you, Bob. Got you re-elected, for crying out loud.

**Mr. Nixon:** All I've got to do is mention your name and I get votes.

**Hon. Mr. Rhodes:** See? See what I mean? I've done a lot for you, Bob.

**Mr. Nixon:** You're almost in the same class as the Treasurer. Not quite, but—

**Hon. Mr. Rhodes:** Well, we tried mentioning your name up in the Sault, but it didn't do a bit of good.

**Mr. Nixon:** But you did mention it up in Jack Riddell's riding.

**Hon. Mr. Rhodes:** No, I wasn't in Jack's riding.

**Mr. Nixon:** Oh, well, I guess that was just Bill Stewart and Charlie.

[9:45]

**Hon. Mr. Rhodes:** But I mentioned your name in the Sault and it didn't do a thing for me or for your candidate either.

The thing in there that I enjoyed was the recommendation, and I think it is a—I won't say that—that section 17 of The Public Lands Act would in effect either disappear or become a responsibility of the Ministry of Housing in the total planning process in the north, and I think that has some merit. Is that okay?

**Mr. Nixon:** What does section 17 say?

**Mr. Breaugh:** It means the minister would now be called the tsar.

**Hon. Mr. Rhodes:** You don't know what section 17 of The Public Lands Act says?

**Mr. Nixon:** Unfortunately, no.

**Hon. Mr. Rhodes:** Bob!

**Mr. Nixon:** Come on, Mr. Minister. Mr. Wronski, can you help us?

**Hon. Mr. Rhodes:** He doesn't know The Public Lands Act.

**Mr. Wronski:** The minister knows it better than I do.

**Hon. Mr. Rhodes:** Section 17 really puts the control of development in the unorganized areas in northern Ontario in the hands of the Minister of Natural Resources, and it is under that section that permits are given whether to allow construction or not to allow it.

**Mr. Nixon:** Even to burn down those cottages that you have been burning down.

**Hon. Mr. Rhodes:** Not me.

**Mr. Nixon:** One of your colleagues did.

**Hon. Mr. Rhodes:** Oh no.

**Mr. Nixon:** Leo has been burning them down.

**Hon. Mr. Rhodes:** Only if they are illegal.

**Mr. Martel:** It's called the scorched earth policy.

**Mr. Nixon:** Take it away from Miller and put it into Housing.

**Hon. Mr. Rhodes:** Do you know that Martel is running for leader of the New Democrats? When he wins I can see the headline now, "Martel wins by a nose."

**Mr. Martel:** Are you in the same sort of race? I knew you'd get your knife out.

**Hon. Mr. Rhodes:** For whom?

**Mr. Martel:** For the Premier.

**Hon. Mr. Rhodes:** Oh, a good fellow. No, we don't play that game.

**Mr. Nixon:** Upwardly mobile John.

**Hon. Mr. Rhodes:** No.

**Mr. Martel:** The aspirations are there.

**Mr. Laughren:** Somebody said he would be organizing the north.

**Hon. Mr. Rhodes:** That wasn't necessary.

**Mr. Martel:** I thought Leo did that.

**Hon. Mr. Rhodes:** Stephen Lewis did it. Do you guys understand we only have 18 hours to deal with the estimates?

As far as The Planning Act review is concerned I would like very much to have—well we have on the record your comments on it. I would like to hear from you again, and then other members after you have had a chance to delve into it deeper, the comments you have on that report, because it was a report, as you have rightly stated, prepared by three people who I think are pretty knowledgeable in the area of plan-



ning and have done some good work in this province, Mr. Comay, Mr. Hardy and Mr. Berger; so let's hear from you.

**Mr. Breaugh:** Let me just give you a couple of added responses in between the interjections that the minister attempted to do. The one thing that was there was a kind of silence on the financial part. In practical terms, in hardnosed practical terms it is The Planning Act that allows the municipalities to extract funds from developers. The only club that a municipality has really got is, "Pay the funds before we sign on the dotted line and send this off to the ministry." So in practical terms the financial ramifications of The Planning Act and the use of The Planning Act by the municipalities during the process have really strong financial terms and they are there.

The argument always is, with anybody, when they come in and you want the recommendations from the local planning board to go before the council and everything else is drawn up, probably one of the most important parts of any recommendation through a council is the financial part about service charges, and that is when they are collected, before the municipality signs its recommendations and forwards them to you; that is the last kick of the cat. The interesting arguments that we have been into with condominium projects over when they get registered and all of that kind of stuff, a lot of that, though it perhaps is not directly in theory concerned with the planning of the project itself, really has to do with a municipality making its comments and making its recommendations to the minister. When they finalize that, that is their last chance to collect funds, and that is what the argument is very often about.

I thought it was ironic that a number of the things that we brought up in terms of duplication in the planning process, particularly where you have regional governments, and there is a local planning agency, a regional planning agency, a provincial planning agency and sometimes a federal planning agency, that is really not resolved in any of the recommendations here either, because it says they should go back to the local level and both the local municipality and the region will somehow iron that out, but it is not opting for a one-tier planning system or a combined planning system, which might be another alternative. It is saying that in some way they can hammer that out.

I am not terribly sure that our experience would justify saying that they can hammer that out. It says, and you said in your reply, that the province would kind of intervene on

provincial matters. I have to think of those areas in the region of Durham when they completed their official plan, those areas that were set aside were the areas where the arguments were. We have arguments, great, raging arguments locally, about a thing called the Second Marsh, where the local harbour commission, an appointed—all five Liberals in town are on the harbour commission, the only jobs left for the guys; fine fellows they are, too—

**Mr. Nixon:** They couldn't get on the UAW executive.

**Hon. Mr. Rhodes:** You mean Moffatt and Godfrey are out of work?

**Mr. Breaugh:** You said that, not me. Don't be nasty.

**Mr. Martel:** I think Charlie lost his licence to practise medicine.

**Mr. Breaugh:** On an issue like that, the thing that bothers me is that we are well aware it was the province that said to set aside the Second Marsh, the airport and, I think, two or three other things, because they are a provincial concern. But it doesn't say, "This is what the province of Ontario has as a policy in these five areas." It says, "Set them aside. Later on, we will somehow find out what the province thinks about that."

You have to elicit from the Minister of the Environment a statement that he thinks the Second Marsh is an important thing and ought to be saved; and that when you build a harbour in Oshawa, you build it out into the lake so you don't disrupt that. You also have to dig around to find out how the federal government really feels on this—on that particular issue or anything else. Not very much of it is done openly, I guess mostly because there is no forum for it. Unless the minister chooses to make a statement, no one really knows.

**Hon. Mr. Rhodes:** But in Mr. Comay's report, though, that again is the very thing he is very strong on, that all of these things be done in the open; any decisions that are made, must be made public and there must be reasons given. You can't just make a decision; the reasons must be given. He is very strong on that.

**Mr. Breaugh:** If I read his report in a positive way, which of course we should all try to do, I kind of read it that way, that he is encouraging the provincial ministers and the provincial government to make very open policy statements on particular things in a municipal plan.

**Hon. Mr. Rhodes:** Right.



**Mr. Breaugh:** But, boy, that's an act of faith that's beyond the beyond. When was the last time you ever did that, but you didn't have to do it?

**Hon. Mr. Rhodes:** He's making the recommendation in his report that all government bodies—federal, provincial and municipal—must be open with the material as to what has caused them to make such a decision. They can't just make a decision and walk away from it.

**Mr. Breaugh:** It strikes me that, in a backward way, what he is really doing is recommending that all the stalling techniques that have traditionally been used by the province and the federal government are going to be removed from them because the authority to approve will be done locally.

**Hon. Mr. Rhodes:** Right on.

**Mr. Breaugh:** If you want to block a project or if you want to provide the other point of view, you are going to have to do that openly and in some way compete with the local approval power. That's certainly a change of pace because traditionally, when something is in an official plan that the province doesn't like, the official plan comes in here and simply gets set aside, or lost, strayed or stolen. Or, if you want to proceed with the thing, you say, "Well, we'll approve this plan except for these five items where there is some area of contention." No one really knows what happens to it after that point. I would be quite happy if the ministry would accept the recommendation in that light, saying: "Okay. We want to object to the Second Marsh in Oshawa being paved, or whatever might happen to that piece of property, and here are nine reasons why. This is the position of the government of Ontario, and we will go and make our pitch to the local municipal council, which has the final authority to approve."

**Hon. Mr. Rhodes:** Excuse me. To correct that, that isn't what he is saying. As I interpret what he is saying, it is that the province would indicate that this is a matter of provincial interest.

**Mr. Breaugh:** Aha!

**Hon. Mr. Rhodes:** Then it is no longer in the hands of the municipality; it would then be the province's responsibility to deal with that from their interest point of view. That's what he is saying in the report.

**Mr. Breaugh:** That's the way I read it.

**Hon. Mr. Rhodes:** That's exactly the way I read it, too. See how great minds think alike?

**Mr. Breaugh:** I agree on the great minds part. When you said that your interpretation of this municipal plan meant that you do everything by zoning law, you didn't really mean that, did you?

**Hon. Mr. Rhodes:** That's how I interpret it. Regarding what he's calling a municipal plan, it seems to me he is saying in that report that official plans would be done away with. He uses the term municipal plan; he makes no mention of plans of subdivisions later on in any specific context, and I assume that is what he is talking about. The whole thing would be done by what we call now a zoning bylaw, and I think that my colleagues here at the table would agree that is how we interpret it.

**Mr. Breaugh:** My interpretation of that, since we are all interpreting what someone else interpreted here, was simply that he wanted to remove the legal status of an official plan so that you had to get an amendment to an official plan, and then a zoning bylaw changed and then a plan of subdivision approved, so instead of having to do three things, you could perhaps now function with one legal move. There may be a municipal plan on the shelf over there but only one document would travel through the planning process. I'm not so sure that is a terribly bad idea, but I would tend to think that if it were the zoning bylaw that were done, that's maybe not the option that I would exercise. Zoning bylaws are tough things. Who can ever draw a bylaw that covers all situations?

**Hon. Mr. Rhodes:** I think what we are talking about here are two things, aren't we? We are talking about the zoning bylaw or municipal plan, as you wish, and then within the context of that would be the plan of subdivision. And he's requiring a policy statement as well.

**Mr. Martel:** Is he saying you'd have to have an official plan for a region before you started into the various zoning?

**Hon. Mr. Rhodes:** He says a policy statement as to direction.

**Mr. Wronski:** Actually, the whole complexity of the planning system which he feels exists at the moment, that is, the official plan which has to be approved by the province, by the minister, and the zoning bylaw which has to be approved by the Ontario Municipal Board, and plan of subdivision which has to be again approved by the minister, would disappear under his system. A municipality will develop a policy

statement which will be valid as long as there is no provincial veto.

In other words, as long as the province agrees that all provincial policies and interests are being observed. Once they develop that kind of statement, whatever that statement may be, whether it will be on transportation policy or the land use policy, then they would have the inherent power of passing zoning bylaws, which again would not require provincial approval. Subsequently, also within that framework then they can deal with subdivision plans.

But he does put in a requirement of a municipality to have some kind of planning policy statement which hasn't got the legal power of the existing present official plan as long as it doesn't contravene provincial original policies, whichever the case may be.

**Mr. Breaugh:** The apt thing, though, is really to go back to the original role that I mentioned, and that is the role of the province. If Comay, in his review of The Planning Act, has said we are taking this system which really has been perverted rather badly over all the years and we are replacing it with a new Planning Act, a revised one, surely he would have to recognize that there is a role for the ministry to play there in planning the province of Ontario. I just don't see it in any of the documents. I looked through the other ones, and I didn't read chapter and verse on it but I did look through it. I really wanted to see that the role of the Minister of Housing, taking out this old Planning Act, is going to be replaced in a new way and that his policies will be clearly laid down and that that role is pretty definitive in this new Planning Act.

**Hon. Mr. Rhodes:** What he is recommending, as I understand it, is a real decentralization of the planning process, that the prime responsibility be with the municipalities, and that the province's involvement would be only in those areas of provincial interest. When we talk about provincial policies, you'll find in that report he zeroes in on one or two where he says that provincial policy has to be more than just land use policies.

He goes into, for example, the area of what he calls exclusionary zoning—you read that portion right—such as where some municipalities by bylaw prevent a group home from being established in a particular area of the city. As I understand what he is saying, he believes that there should be legislation in the Act to prohibit municipalities from doing that. He used as an example

the North York bylaw which says that unrelated people can't live in the same house. He thinks the municipality should be prevented from being allowed to do that.

That's what he is saying in his report, the reasoning behind that being that if the putting of people back into the community from correctional services or from institutions that are now spread around the province, if the policy of the government is to put them back into the communities, then municipalities should not be allowed to pass bylaws that conflict with that provincial policy. That's what he is saying.

[10:00]

**Mr. Breaugh:** He didn't say that the province of Ontario can do things in isolation which cause problems for the municipalities later on. You can take any of the municipalities in their planning process around Metro, in the whole golden horseshoe area, and say, you know, this year the current rag for the government to play is housing. So you go out and build all these OHAP units. But nobody drops the other shoe and says, "What about the transportation corridor that has got to be there?" because when you put all those housing units down and somebody starts screaming that now you have got to have a road system to carry it, and you can't build the road system because there isn't space and we need the GO train extended, then the province says "We can't have the GO train because we're into a federal agreement there, and the federal government has copped out on the money."

Therefore, the transportation policy that allows you to have all this housing isn't there. You have got the housing, but you haven't got the transportation, or the servicing isn't there because it's a little too expensive for us now. Or the industrial base isn't there, because maybe we have got a go-east policy, but that really means we move a couple of ministries around in Ontario. We don't get a newly developed industrial and commercial base to support an area. Those are problems.

**Hon. Mr. Rhodes:** I'm not denying that, but what I think you are missing in that, though, is that even if you take what you talked about earlier, the OHAP program, nobody forced anybody to do anything. It was as a result of agreements that were entered into between the province and the municipality, and the third party was usually a developer who was prepared to enter into that OHAP agreement with the municipality as well. So the province is not, if you will,



forcing the municipality. I know when we last had this gathering, prior to the other event, I remember you saying that it was the carrot sort of thing dangling in front. All right, it was. It was to encourage this sort of development, but there was nothing to prevent the municipality from saying "No, we are not going to enter into that OHAP agreement." In fact, I can show you letters on file in the ministry where municipalities were very upset that they had not been designated an OHAP area, where they didn't qualify for it.

**Mr. Breaugh:** In their innocence.

**Hon. Mr. Rhodes:** Call it what you will, but they were very upset by the fact that they were not designated. Let me tell you that when the federal program came on, about the \$1,000 per unit with the conditions, one of the things I was hit with immediately by the PMLC was, "Mr. Minister, you have the right to designate municipalities under the federal program. Designate us all. Don't leave any of us out. We all want a piece of that action." What are you going to do? I designated them all. Have a good time.

**Mr. Martel:** I just want a clarification. I have a concern; if I understand what Mr. Wronski said, in a regional municipality like my own, I can recall a couple of things going through when a new regional council came in, voted on very quickly after the new council took office. Under the regional government the mayors are full-time and they have time to look at these official plans, or they would be zoning orders, very, very carefully. Then you have the majority of the council who work for a living besides doing this work at night and really don't have time to delve into it carefully. They just don't, because of the number of committees they are on, and I have seen a couple of things in Sudbury that have been a disaster and, as you know, Mr. Minister, went to at least—

**Hon. Mr. Rhodes:** At least three.

**Mr. Martel:** Yes, went to three OMB appeals. Peter Cosgrove, Mike Hopkins and—

**Mr. Nixon:** Don't read personalities into this.

**Mr. Martel:** He's talking about three guys by the name of Cosgrove, Hopkins and the Inco analyst.

**Mr. Nixon:** Now, why leave out the former chairman?

**Mr. Martel:** And the former chairman. The disaster came in those instances because the new councillors, being part-time, didn't

have time to do all the work. I could see real problems developing if there was no check on it.

**Hon. Mr. Rhodes:** From where, the provincial side?

**Mr. Martel:** Yes. How do you get involved?

**Hon. Mr. Rhodes:** First of all, what we are doing now is sitting here and trying among ourselves to analyse a report full of recommendations that we have all received for the first time this week. I had it earlier, but you received it for the first time today and you are really discussing it as if the thing was about to be etched in stone.

**Mr. Martel:** No, but it's a concern that I have.

**Hon. Mr. Rhodes:** Send me a brief.

**Mr. Martel:** I will because, as Mr. Wronski knows full well, and Mr. Farrow, we've had some real problems in that—

**Mr. Nixon:** Don't forget him. He runs the whole show there.

**Mr. Martel:** When you want something done, you go and see Milt and it gets done.

Interjection.

**Mr. Martel:** You'll be looking for a new job tomorrow. I didn't mean to do that to you, honestly.

**Mr. Nixon:** There is an opening in the NDP for a leader.

**Hon. Mr. Rhodes:** It is a short-term job, though.

**Mr. Martel:** Have you got any tenure?

**Mr. Farrow:** As a matter of fact, no.

**An hon. member:** His face is red.

**Mr. Martel:** But there are real problems with that particular aspect which bother me.

**Hon. Mr. Rhodes:** Well, I think the former executive director of plans administration probably could answer that for you just before you leave.

**Mr. Nixon:** Don't you worry, Milt. You are on our side.

**Mr. Farrow:** What was the question?

**Mr. Martel:** I was saying you can't go to get anything done by Milt Farrow. He just says, "Go back and see the minister."

**Mr. Nixon:** He thinks Spooner is still around.

**Hon. Mr. Rhodes:** Really, Milt, did you want to comment on the point Mr. Martel was making about—

**Mr. Martel:** How we get back to the provincial role as a kind of an overseer, I guess.



**Hon. Mr. Rhodes:** Well, we hadn't left that as yet. The recommendations are there that perhaps that would be a good direction to go.

**Mr. Farrow:** But, Mr. Minister, I think if you look at the recommendations quite carefully, they still require a monitoring system at the provincial level, they say, to make sure that no provincial concerns are being overlooked by the local municipality. He has changed the word from "approval" to "veto." In other words, they will be deemed to be approved, if we can use that terminology, unless the province steps in and says, "No, we veto it for certain reasons" or refer the matter to the Ontario Municipal Board to get a clarification of a provincial interest.

The recommendations also are saying that those things which are not of provincial interest, and are not of stated provincial interest, will be totally up to the local municipality and, if it's perhaps not good planning or something but is not of any provincial concern, it will be dealt with by the local municipality and not the province.

We would still be there, as I read the plan, looking over the decisions that were made but not approving them.

**Mr. Breaugh:** The interesting point, where this gets a little hot and heavy, is when we think of other things that might be contemplated under this same vote, like the North Pickering project, Townsend, and a number of other projects of that ilk. Reading the recommendations the way the minister does, I suppose the government would be very happy to say, "Listen, guys, you're totally in control here. You have the approval process and all that junk; accept that. This is now a provincial concern; kiss it goodbye."

What I thought would be quite fair about it all would be if the province wanted to do these great and wonderful things at some point in time, you'd take that through this approval process in the same way that anybody else would.

**Hon. Mr. Rhodes:** If you take a look at the present Act as it is in Durham region, with which you are familiar, it would indicate to you that whatever development that was to be taking place in Pickering does require that it be treated by the North Pickering Development Corporation as any other developer in the area; it must go to the region, it must be dealt with by the region and it must get approval from the region. That is there now and enshrined, if you will, in the legislation, that they are required to do that.

**Mr. Breaugh:** But, under your interpretation of Comay's recommendations, I sure wouldn't want to be in your shoes on that day if you decided to say we'll exercise that option and say the North Pickering project—to use that as an example—is a matter of provincial concern and therefore it is outside the normal planning process that we have just set up. You can yell and scream all you want because what you are really saying to those municipalities is, "You can diddle around with all the little subdivisions you want. That's okay; you've got full control of that. But whenever the big kahuna moves into town, you guys are out of business and there's a new set of rules."

**Mr. Nixon:** Who is that? How do you spell that?

**Hon. Mr. Rhodes:** Sounds like somebody who has an oil well or something.

**Mr. Breaugh:** I wouldn't know that. I'm not that high up.

**Hon. Mr. Rhodes:** I would have to say that in the recommendations that are made, if it was determined that a site such as North Pickering was to be part of a provincial policy, I am assuming that it could be proceeded with as a provincial project outside of the normal planning processes of the area. But that's not any different than it is today, because the Crown is not subject to the municipal zoning regulations anyway.

**Mr. Nixon:** As long as you advertise it.

**Mr. Breaugh:** Frankly, I didn't see very much in here that dealt with that other interesting phenomenon of when the three levels of government all had their fingers in the same pie. It strikes me that Comay did not recommend something in The Planning Act which would address itself to that particular problem. The Oshawa harbour is a good example of the federal government, through its local agencies, saying certain things and reserving the right for the government itself to say something else at a different point in time; the provincial government taking a slightly different stance; and the local governments, both levels, taking different stances. The report doesn't address itself to that particular problem to use the Oshawa harbour as an example in my local knowledge.

**Hon. Mr. Rhodes:** It's a constitutional issue. The federal government is not bound by the provincial legislation either.

**Mr. Breaugh:** It's just that there is an increasing number of instances in the planning process where you're running into that particular problem.

**Hon. Mr. Rhodes:** Yes, it's there. But if the federal government were to decide, for example, to build a harbour in Second Marsh, there's nothing we can do to stop them; nor is there anything the municipality can do to stop them. All we can do is find some way of preventing putting services into it.

**Mr. Breaugh:** Yes, which is the other interesting thing in the planning process. The minister himself often reverts to that technique.

**Hon. Mr. Rhodes:** Only once.

**Mr. Breaugh:** Only half of once.

**Hon. Mr. Rhodes:** At Pickering airport?

**Mr. Breaugh:** Yes. I think, Mr. Chairman, I'd like to pass on making any further comments on this particular vote. There might be other members who want to make some comments on it.

**Mr. Pope:** I just had a quick look at some of these documents, Mr. Chairman, and I want to comment particularly on vote 2102 with respect to my own riding. I come from the city of Timmins in Cochrane South riding, an area which has had an official plan in the making for four years. Quite frankly, I think there should be some consideration to the speed-up of the implementation of the official plan and zoning bylaws, particularly for municipalities or municipal structures that are integrating existing municipal structures; and if that is not possible, then at least there should be an official plan applied immediately through consultation with the municipal councils.

I might say that I don't know what the hope of the ministry is with respect to any interim measures that it hopes to take, but again I come from a municipality in which the minister attempted to put on a freeze and that freeze was knocked out by the courts.

**Mr. Nixon:** I couldn't get it knocked out down my way.

**Mr. Pope:** No, I think it was a company by the name of Multi-Malls.

**An hon. member:** Have they finally gone up north?

**Mr. Pope:** They finally got up north.

**Mr. Breaugh:** They did pretty well in Chatham.

**Mr. Nixon:** And Tillsonburg, Goderich, Woodstock—all those good places.

**Mr. Pope:** The point I'm trying to make is that in northern Ontario we're in a very delicate position, where new municipal structures are coming into being at the same

time as we are getting the first rush of development in some areas, particularly in some new housing developments and in some new concepts in retail facilities. I think there has to be some consideration by the ministry for a speed-up of implementation or the immediate imposition of some interim measures.

The other problem we have—not specifically in my riding but in northeastern Ontario generally—is one that was touched on previously; that is, there is what I suppose is a built-in frustration factor with the lack of expertise on a local basis, particularly in unorganized municipalities that have just become organized and incorporated. For instance, there is no experience in the administrative staff and there is no experience in the municipal councils. A lot of the times there is no point in sending a group of experts up to prepare an official plan and a zoning bylaw, as they sometimes do, and seeing what you want. That whole process is pointless.

I'm just wondering whether, in planning for community development, particularly in northern Ontario, there should be some assistance or some interjection by the ministry in developing a first plan or an integrated plan in these communities and then facilitating some change in those plans when enough information has been assembled and enough experience has been gathered to implement a proper plan which will represent the wishes of the community.

The other point I want to make has to do with the availability of funds in the planning of the servicing of existing mobile home parks. In northern Ontario we have mobile home parks that are built outside of the serviced areas of municipalities and yet they are within the municipalities. I'm not advocating that the ministry step in and run those mobile home parks, because the experience both in Ontario and British Columbia has been disastrous. What I am saying is that there are specific instances where everyone feels there is a lack of proper servicing—

Interjection.

**Mr. Chairman:** You're disturbing us.

**Mr. Pope:** Oh, he doesn't disturb me. He was a good help in my campaign.

Interjection.

**Mr. Pope:** He was on the radio up there; that was good enough.

**Hon. Mr. Rhodes:** He's up there anyway.

**Mr. Pope:** I refer particularly to the provision of fire protection facilities and more



adequate provision for sewage facilities and water facilities. I believe some help is going to have to be given.

It's all very well for the government to take the position that the Ministry of the Environment should just slap an order on the owner of the lands in question and hope that perhaps, through the use of a maintenance and occupancy bylaw, for instance, the municipality might also be considering moving in to do the work and adding it to the tax bill. But it really begs the question as to whether or not the owner is prepared to bear that cost without substantially increasing the rentals that are payable to him.

I know there is provision for a mobile home park bylaw, as has been implemented in the city of Timmins, for instance, but it cannot apply to existing parks and there is some serious question as to whether or not it can apply to additions to existing parks. The ministry here may be making a different interpretation. I'm saying that the interpretation that has been given under legal advice to the municipalities in northeastern Ontario is that it cannot be applied.

We are talking about a very serious problem and one that cannot be resolved by simply slapping on an order. I'm asking if the ministry will consider, in its community planning budget, some sort of emergency assistance to these areas in northeastern Ontario and to the resolution of this problem without really taking over the park.

**Hon. Mr. Rhodes:** Perhaps you'd let me answer some of these points so I don't let them all float away.

First of all, let's deal with the mobile home parks situation. I would have to say no, we would not put funding into a privately owned mobile home park for the purpose of servicing that park. The responsibility lies with the owner. I wouldn't suggest that we do that any more than I would suggest we start providing funds to an apartment building owner because he is not meeting his obligations to provide proper sanitary and water facilities or meeting the health and safety standards that are required under the Ministry of the Environment, the health unit or whatever it may be.

No, I can't see putting public funds into privately owned trailer parks or privately owned facilities. The owner of that land who wants to operate that facility is required to meet the requirements of the law, and I think he has to do that.

**Mr. Martel:** Mr. Pope is a free-enterpriser; I can tell.

**Hon. Mr. Rhodes:** I believe I am. I hope—  
[10:15]

**Mr. Pope:** It's easy to say it's a problem of free enterprise versus public ownership, but the fact remains that under the provisions of the rent review legislation, as they have been interpreted, you cannot capitalize those improvements over an adequate enough period of time. That's been argued in front of the rent review board, as well.

**Hon. Mr. Rhodes:** I won't get into the strengths and weaknesses of that. I am simply saying to you that from my point of view I would not put public funds into a privately owned facility. The responsibility lies with the owner of the property to meet the standards, whether it's in northern Ontario, southern Ontario or wherever it may be.

Let me tell you that I have had a fair amount of experience with that same problem within my own area. That is the position I have taken there and I would have to stand by that. As far as assisting with the zoning for the newly incorporated communities, about the only tool that we have to handle that sort of thing would be to go in and put a zoning order on the area, and then say to the municipality, "Look, you've got to develop a comprehensive zoning bylaw. Eventually in time you will come up with an official plan. We will supply you with financial assistance to prepare your plan. Hire your consultant, bring him in and let him prepare a plan and advise you as to what sort of plan you need for your particular area."

I don't think we have any way of doing it other than to go in and put a minister's order on the area to prevent any development taking place until such time as the plan had been developed, or to allow for that development by amendment to that zoning order if it was considered to be proper.

**Mr. Pope:** The problem with that, as I see it or as it has been applied in my area of the province, is that it means you have to apply to the minister for an amendment.

**Hon. Mr. Rhodes:** That's correct.

**Mr. Pope:** What I'm saying is, can there not be an easier way of applying for an amendment through the local council, and cannot there be a speed-up of the implementation by the local council with the assistance of the provincial government of an interim—

**Hon. Mr. Rhodes:** You can get an interim zoning bylaw.

**Mr. Pope:** I'll give you an example. The city of Timmins started in 1973 and had an interim zoning bylaw submitted. Everyone waited six months for studies and then it came back to the council, and I was sitting on the council at that time, and we were asked for our opinions on it. Then it was filed. That was in 1974, and in 1977 I guess it's been implemented. In the meantime, we have situations where either there is no development taking place in vast areas of the municipality or there is holus-bolus development taking place in accordance with outdated zoning bylaws and official plans which are being held back pending the implementation of a new basic zoning bylaw. I am suggesting that there may be a speed-up of one type of system to get this into place quickly.

**Hon. Mr. Rhodes:** You've lost me a bit on it. I think what we would have to do is take a look at the situation in Timmins, as it relates to Timmins. I really can't relate to what the problem is that you are specifically mentioning. I just can't tell you at this time. Tomorrow we should have some information for you.

**Mr. Pope:** Right. I think it's past history, to tell you the truth. I am just suggesting that this is an area in which the delay causes some disruption in orderly development and I'm saying that there should be some provision—

**Hon. Mr. Rhodes:** I have to ask you, delay on whose part?

**Mr. Pope:** The whole process. I mean, I'm not going to blame anyone.

**Hon. Mr. Rhodes:** It's too general for me. You've got to say if it's this ministry's fault. Are we responsible? Is it the Ministry of the Environment? Or is it the municipality itself?

Interjections.

**Hon. Mr. Rhodes:** That's the general feeling.

Interjection.

**Hon. Mr. Rhodes:** Oh well, I know whose fault it is.

**Mr. Martel:** I think they've got you scrambling to defend them.

**Mr. Pope:** There are two other points of policies that I wanted to raise. The first is with respect to downtown revitalization. Again, as it has been implemented in Timmins, I suspect there are going to be long delays. I'm wondering if in the absence of a meeting between the merchants and the

municipal council, whether or not the ministry will intervene to get the necessary studies, plans and proposals into effect. The city of Timmins is in an area where in 1976 there opened up one retail facility which was comparable to 60 per cent of the existing retail space in the downtown area. We have proposals that have been discussed before the city council for a downtown revitalization. In Timmins we've read of the conditions that attach to such a program. We're aware of the filing of plans that are necessary and the statements of intent. Is there an active role that the ministry will play in leading the development, rather than leaving it to the merchants and the municipality to get together and bring something before the ministry?

**Hon. Mr. Rhodes:** I hate to be as negative as I'm going to be—but the answer would be no. We have a policy that has been developed as it relates to the downtown revitalization program. Part of that policy requires that the municipal government and the merchants participate together in the redevelopment program. Part of it, I'm sure you're aware, is that the money is for the most part recovered from what will occur as far as that redevelopment is concerned. I emphasized when I announced the program that it was not going to be a give-away program; that it was going to be a program to assist the merchants and the municipality, together, to do something constructive with their downtown core—if they wanted to revitalize within the terms of the program.

So, no, I would not go in and attempt to inject the ministry, to start to develop something, as long as there is this internal squabble going on between the merchants and the municipalities. They have to resolve that problem and meet the terms of the program. Otherwise, if we go in—as I said earlier to Mr. Hall—and start to interject, you are never going to get an agreement between the merchants and the municipality. They will go their merry way and we'll end up picking up the bill. No, thank you.

**Mr. Pope:** Maybe I can put it this way—is there any allocation for the city of Timmins in the \$4,400,000?

**Hon. Mr. Rhodes:** The city of Timmins has not applied for downtown revitalization funds.

**Mr. Pope:** Well, I won't get into that.

**Hon. Mr. Rhodes:** And I'm not going to impose it on them.



**Mr. Pope:** Yes, okay. The other comment I have is on the suggestion of a northern plan. I'm concerned that the plan should be developed by people with some experience in the north, that there's some input into that. A lot of times you get into a forced urbanization process. That's what the municipal councils in northeastern Ontario hear time and time again. People do not necessarily want to be urbanized with urban service. I'm hoping, and I trust with your input, Mr. Minister, that the northern plan will not turn into that kind of a project.

**Hon. Mr. Rhodes:** I don't think we're attempting to impose a northern plan. There are those who are in this room who would suggest we should impose a northern plan, and a plan on top of the plan, that the minister will sit as the great—what is it?

**Mr. Eaton:** Kahuna.

**Hon. Mr. Rhodes:** The grand kahuna and look down from above. Let me say this to you: I've met many people who told me that they did not want to live in an urban area; they wanted to have their own little plot of ground; they really didn't care about services; they were quite happy to have a septic tank, a well to get their water; they didn't want bus service. They didn't want

anything—until they moved there. After they get there they want all these things. You end up with the municipality screaming because you are running the school bus past miles of vacant land to pick up kids and bring them back to school; and somebody wants a sewer pipe out there. The experience in that area has been very unpleasant and extremely expensive.

Quite frankly, we do try to keep a handle on what I suppose you could call urban sprawl. But really what it ends up to be is really strip development down some side road. It starts off with one person on a one-acre lot who immediately wants to have it severed to a half-acre lot to give to his father-in-law who is a veteran of the Boer War or something. I hear all these pleas for reasons it should be done. You end up really with a community, developing down the road a piece, which has nothing—no services. And, of course, the pressure is brought to bear on the elected representative to get those services in there.

**Mr. Pope:** It is being done now, anyway.

**Hon. Mr. Rhodes:** And it is a bad experience.

The committee adjourned at 10:25 p.m.

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**Ministry of Housing officials taking part:**

Farrow, G. M., Executive Director, Plans Administration Division  
Wronski, W., Assistant Deputy Minister Community Planning





# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Policy Committee**  
Estimates, Ministry of Housing



**First Session, 31st Parliament**

Wednesday, June 29, 1977

Afternoon Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC



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# LEGISLATURE OF ONTARIO

WEDNESDAY, JUNE 29, 1977

The committee met at 3:30 p.m.

## ESTIMATES, MINISTRY OF HOUSING (continued)

On vote 2102, community planning:

**Mr. Chairman:** We now have a quorum and I will call the meeting to order. Mr. Nixon will be the lead-off speaker.

**Mr. Nixon:** Mr. Chairman, I don't know whether you ought to designate me that way. But I am glad, however—particularly since the minister was not able to make the question period today—to have a chance to ask him and Mr. Wronski, of course, what the policy is at the present time on the development of the Townsend new city. Would you like to respond to that or do you want me to say a little bit more about it?

**Hon. Mr. Rhodes:** The policy was to go ahead and develop the Townsend sites. We had submissions from the region suggesting that they wanted to have that project delayed; it should be held off. They had some concerns that they expressed to me and, I'm sure, you're certainly well aware of them. They've expressed them publicly. They've indicated some concern over the fact that there would initially be something like 243 houses proposed in that particular area and they are concerned that, perhaps, there may be some expansion allowed in the other communities in the area. As a result of those submissions, my position now is that I will be discussing that matter further with the region to get a better appreciation of what their total concerns are and what they think should be done in that area.

**Mr. Nixon:** In the recent campaign, the Premier (Mr. Davis) undertook to make what was certainly received as a rather definitive statement when he was in the area. I felt, when he made the statement, that it did not jibe with the answers the minister had given in the House just a few weeks before. I was wondering if there was any further information available to the minister or whether the Premier had simply decided that the political realities which, of course, govern us democratically—and there's nothing the matter with that—had decided his announcing what ap-

peared to be a rather substantial change in policy.

**Hon. Mr. Rhodes:** We had been discussing the concerns of the region as they related to the towns in development for some time. They had certainly made those concerns known to us. I had been down in the region on a couple of occasions to meet with representatives of the region—the chairman and others—as well as representatives of Stelco, as it related to their development and what their timing was, I think I responded in the House to a question from yourself that we did have some difference of opinion as far as population figures were concerned, with the numbers that we had produced as opposed to the numbers that the region was producing; and we wanted to meet with them to discuss those differences.

As I understand what the Premier said, which was not out of line with what was said previously, we were never at any time attempting to stop all development or future development in places such as Simcoe or Port Dover.

What we had said was that we felt that Townsend, with the large influx of population coming, would be the new town for the increased population and that the servicing capabilities that were in Dover and in Simcoe were adequate to take the growth they would need over the next few years.

**Mr. Nixon:** It is a matter of some interest down there. I don't believe there was any great misunderstanding but the press reports following the Premier's statement were of the type that indicated the Premier was now saying the development of the Townsend city has been indefinitely postponed. Another story indicated—and the hon. member for Haldimand-Norfolk (Mr. G. I. Miller) is here and he might want to express his views in this regard too—a development was postponed at the behest of regional government and the indications were that it would depend on the views of the local region.

I personally had felt that the ministry had decided that their own views were going to prevail over the local region, at least for a period of time. The local region, through their planning people and their elected people, had stated clearly that they did not want the

development to go ahead. Then there was this rather interesting bargaining basis that they had to have assistance from Queen's Park as well as Ottawa, I suppose, for providing an adequate water supply to the towns that are already established. It looked to me like the ministry had worked out a nice arrangement—I wouldn't say "deal" because that is often misunderstood—with the region that "if the people will stop complaining about the plans for the Townsend new city, then we will bring water to Jarvis and that will be the quid pro quo."

What is the status of any arrangement or any understanding that might have been based on that? Can the Minister of Housing tell the committee that the government is going to proceed with the provisional services up as far as Jarvis and heading towards Hagersville?

**Hon. Mr. Rhodes:** First of all, let's put the thing in some perspective. The discussions we were having with the region dealt with the need, as the hon. member and his colleague are aware, to supply water to two communities, Hagersville and Jarvis, both of which needed water. At the same time, we wanted to put water into the Townsend site. Associated with that was the need for the region to determine the arrangement and agreement they would be able to enter into with Stelco for the water supply that they would require for their operation. All of these things were going on at the same time. There was never any deal made.

Quite frankly, I would get one press clipping out of the area which would say that the regional government had turned thumbs down on Townsend and then the next clipping would arrive on my desk saying that the thumbs were now turned up, and I waited for the next press release to see whether they were half way up or down. I wasn't sure because there was some changing going on. I say to you without any hesitation that I had no part in attempting to tell them to vote for or against. We did indicate to them in a meeting here in Toronto that we were anxious to get on with it, that we felt it was viable, that we felt we could produce the homes that were required, that Townsend was a good site to locate and that we should not simply allow the large growth that would require extending services at Simcoe and Port Dover. We said we should let those two communities grow to the capacity of the services they had there or were committed to. As well, we indicated to them here that we didn't think their numbers were correct because we had this difference of opinion.

We met with them following that and agreed we would discuss how they arrived at their figures and how we arrived at ours. As it stands right now, I would say Townsend is still, in the minds of the ministry, a community that should go ahead because that growth is going to come. However, we have agreed that we would discuss it with the region as to when that growth can be expected to come and try to sort it out as to when those people are going to start moving into the area to be employed by the Stelco operation.

**Mr. Nixon:** I just want to pursue it a bit more. Number one, does the minister have a copy of the Premier's statement made in the area a month ago now?

**Hon. Mr. Rhodes:** No. All I have is the press report.

**Mr. Nixon:** I don't have a copy of the Premier's statement, and sometimes under those circumstances a verbatim statement is not available. But when the Premier does come into the area and make a statement, I think it is quite important that the import of his statement, besides just what is reported in the press, be made available. I wonder if the minister would undertake to see that a statement by the Premier either is made by the House or is provided by his office to the members of council and the members of the Legislature from the area.

While I have a great reliance on the Simcoe Reformer and the Caledonia Sagem and the Waterford Times, which are not all represented here this afternoon, I would like to know just what the Premier did say about the future. Certainly we felt that he made a commitment, that the timing for the development was going to be in the hands of the local council, and I just have a feeling that the minister is not fully supporting that commitment.

**Hon. Mr. Rhodes:** I feel that I am, and if you just look at the direct quotation that I am sure you have read, that was in the Simcoe newspaper. I don't know the name—

**Mr. Nixon:** The Reformer.

**Hon. Mr. Rhodes:** The Reformer, I see. Okay.

**Mr. Nixon:** The Grit and Reformer is actually its full name.

**Hon. Mr. Rhodes:** Is that right? They dropped the "Grit." They were losing business, were they? Anyway, it says: "Government policy is that Townsend will not be built until there is a need for it. Existing communities must be allowed to reach their



growth potential, and the Townsend project proceeded with only after consultation with regional council." That's in the clipping as a direct quote of the Premier and that is not contrary to what we have said all along.

We did say that we felt there was a need to construct homes on Townsend and that there would be a need of the people coming in. We concluded this from the figures and the projections that we had from Stelco as to what number of people they would have employed and how many would be coming in, when they were going to be coming on stream with the production of steel, and when they would be coming on stream with their rolling mill and what their staging was. But we have always said we felt they should be allowed to reach their growth potential, the potential that was serviceable—lots within the communities of Simcoe and Port Dover and others.

**Mr. Nixon:** You mean before Townsend began?

**Hon. Mr. Rhodes:** What the potential there is now. I was told by the good mayor of Simcoe on a number of occasions that there were all kinds of lots and houses for sale in Simcoe—so be it. At the same time I told the good mayor that I didn't see anything wrong with having some serviced lots available to have a good competitive market in the area, a position I know is supported by yourself.

**Mr. Nixon:** Right. I think the interesting thing about this is the Premier's statement in the mind of the Minister of Housing was simply a reiteration of his own position. So the Premier's statement changed nothing during the election campaign, although it was construed by some to be a retraction from a more aggressive position that the ministry had been taking.

**Hon. Mr. Rhodes:** I don't believe it is contradictory, despite what the Simcoe Reformer says. It does say we will not build until there is a need. I have said I would meet with the regional council, prior to any statement by the Premier, to determine when that need was going to be. Our figures were different from theirs. We felt there was need now. They claimed it wasn't needed now.

**Mr. Nixon:** Can you reconcile those figures? Is it possible?

**Hon. Mr. Rhodes:** I think we can, yes.

**Mr. Nixon:** On what basis? That they agree with you?

**Hon. Mr. Rhodes:** No, I think it's a matter of sitting down. Up until the day that we were able to sit down with the three inter-

ested parties—which were the region, the province and Stelco—up until that time there was an exchange of numbers between the region and Stelco and between the region and us and Stelco. We never really got together on the thing. Once we got together and the numbers started to make some sense, we said, "Look, let's talk about it because there are some differences that have to be resolved."

For example, we predicted there would be X number of people commuting per day from Hamilton and Brantford out to the site. Our figures on that prediction were lower than what theirs were. We also predicted a number of units that would be required and theirs were lower than ours because they indicated there would be more than one person working in the mills in each unit. This was the sort of differences we had that made a substantial difference in what the population growth was going to be or the need for units was going to be. That's what we have to resolve.

[3:45]

**Mr. Nixon:** It concerns me because the whole concept of buying that city site and the South Cayuga one, which can be discussed under other circumstances I suppose, was the planning forecast made to the former Treasurer, John White, as to what sort of development was going to be put into the area. It really concerns me as a member of the Legislature and also as a taxpayer that now, at this late date, after the commitment of \$50 million or \$60 million in raw land alone, you're still arguing about what's going to happen in the area.

Of course it's difficult to prophesy these things, but it seems to me that the criticism that's been projected against the government—this minister didn't have too much to do with the original decisions—is almost entirely valid, that we've made huge commitments of expertise, including the deputy minister who is very much interested in the development of a new town under those circumstances, plus the money and the interest payments that have gone on over these years and will go on in the future, but it is a serious example of bad judgement in the first instance.

Just to pursue two or three things—and you might call this out of order, Mr. Chairman, or the minister might not want to pursue it—who has the responsibility for the disposition of the South Cayuga city site?

**Hon. Mr. Rhodes:** The Treasurer (Mr. McKeough).

**Mr. Nixon:** And you've got nothing to do with that?

Hon. Mr. Rhodes: It is the Ontario Land Corporation which reports to the Treasurer.

Mr. Nixon: That's responsible to the Treasurer.

Hon. Mr. Rhodes: Right.

Mr. Nixon: I will pursue that on another occasion. Is there any thought that the development corporation that you and your predecessor talked about and John White talked about will come forward with special legislation? Are you anywhere near a development corporation for Townsend?

Hon. Mr. Rhodes: No, I won't say we're near. What I've done is I've made a commitment to the region that when the Townsend site is to be developed we would establish some agency for the purposes of developing that site—not necessarily a development corporation—and there would be representation of the region on that corporation.

Mr. Nixon: But you've got no plans to bring in legislation establishing that corporation?

Hon. Mr. Rhodes: No, because we haven't really determined just what type of development agency we should have. I'm not too sure that we should necessarily go ahead with a sort of autonomous development corporation as such. It may be better to do it by another vehicle that would have a good local input, with people from the area serving on that corporation. I don't want to say "corporation." I don't necessarily mean that.

Mr. Nixon: There are two other things I want to pursue in connection with it. The minister has indicated that his orders—minister's orders—

Hon. Mr. Rhodes: Zoning orders.

Mr. Nixon: —zoning orders, will be lifted on the Townsend site at the end of 1977. Is that right? Is that about the right time?

Mr. Wronski: In certain locations, yes, but not the Townsend site.

Hon. Mr. Rhodes: Not the Townsend site. In the discussions we had, it was not the Townsend site itself.

Mr. Nixon: But the whole of Nanticoke, other than the Townsend site.

Interjections.

Hon. Mr. Rhodes: Go ahead.

Mr. Nixon: I heard Mr. Farrow say "progressively lifted, area by area." But the whole of the city of Nanticoke, except the Townsend site, is at the bottom of that list, right? That is the last area from which the orders will be lifted. In the letter, a copy of which was made available to me, you talk about the lower-tier municipalities, at present under minister's orders. I can't recall the order ex-

cept that it seemed to me that Nanticoke was at the end of the list.

Hon. Mr. Rhodes: Yes, I think that's probably correct.

Mr. Nixon: I just wanted to indicate the kind of disruption this thing has really brought into play in that area. I've heard so many of my colleagues in the Legislature talk about the problems they have with workmen's compensation and so on. But the most numerous calls I get are from citizens, landowners, and taxpayers in that area who feel that they are not being dealt with with justice or with expedition by the minister who has the responsibility to approve every variance, every application for the building of any kind of a building of any sort. I don't want you to stroke your brows and—

Hon. Mr. Rhodes: No, I'm not stroking my brow.

Mr. Nixon: —because it really has been a mess, even though I would say that your people—Mr. Wronski, Mr. Farrow, Mr. Kennedy and even Mr. Gutfreund—have been very good about these things and are doing their best. But it really appals me when I find that under the statutes that give the minister these powers, all of the planning decisions are being made down here for this limited period of time. All right. But it has been now many months—in fact years. As I gather it, the planning staff in Haldimand-Norfolk has a payroll of about \$800,000, and they have been planning for—three years, Gordie?

Mr. G. I. Miller: 1973—

Mr. Nixon: 1973 to 1977, April—well, it is more than that. And there are real problems there too which you are aware of. The chief planner resigned under some pressure. Most of the planning staff was either dismissed or left. They are now planning entirely by consultants and with the assistance of the experts here. But I keep getting these calls and letters saying "Can you, as the member, assist us? This went down to Toronto at such and such a time and I realize how difficult it is down here."

I finally went over to your office building there, the Sunoco Building, and found my way up into where the decisive planning is done for Haldimand-Norfolk. They have an \$800,000 staff down there and I go up there and there is a small room—six of them you could put in here—and two very fine young gentlemen, recent graduates of York and Ryerson. They are the ones who have got to do all of the work, send it up to Mr. Farrow, who has a very accommodating secretary, if I may say. I wish Hansard had a visual.



So you know you can get these things out. Eventually when it calls for the minister's signature—do you ever actually sign those things?

**Hon. Mr. Rhodes:** Sure, every one of them.

**Mr. Nixon:** You really do? And you don't fool around with any of these rubber stamps or anything like that? It might be improperly applied.

**Hon. Mr. Rhodes:** Oh no. I don't want to be a parliamentary assistant to the Premier.

**Mr. Nixon:** Do you ever read those things? Honestly I just think that the procedure is so antiquated and wasteful of money and time that I hope the minister is—I know he wants to get rid of these zoning orders. But even in those areas where he is going to keep them—and there will probably be some more in the future—he has got to have another procedure. I want to say again that we established that regional municipality with much fanfare four years ago with the idea that the responsibilities for planning decisions would be decentralized. Many of those areas have fully approved official plans and elaborate zoning bylaw setups. But the whole thing was frozen, and those decisions have been made down here in Room 228 in the Sunoco Building by these two young gentlemen, who are in fact the authoritative planners for Haldimand-Norfolk.

I have great confidence in Mr. Farrow, who must look at those recommendations when they come up and be sure they are in order before the rubber stamp is applied. But what is the sense of all of that stuff? It was even held up, as the minister is aware, by somebody called the Provincial Registrar. He used to be a cabinet officer, but is now somebody squirreled away in some room here who must apply an official number to each one of these minister's decisions, and he doesn't apply the official numbers unless they are in sequential order, Mr. Chairman.

It is really a most amazing ballup, Mr. Minister. You have inherited it, but I really don't think you have done much to straighten it out.

**Hon. Mr. Rhodes:** Oh, oh, that is the unkindest cut of all.

**Mr. Nixon:** Well, I haven't seen anything. All you have done is got a report from Mr. Comay which you haven't even got the guts to respond to. You have said it is going to go out for further review. It calls for the putting of planning authority back in the municipalities. It calls for reducing the authority of the Ontario Municipal Board. I would tell you, Mr. Minister, if you are an

upwardly mobile politician you ought to just hammer that to your masthead and do some of those things, because I think it would be very much in the best interest of the community.

I just want to tell you that those minister's orders have been a heartache to many people in that area. The whole thing was balled up from the beginning by the acquisition of the land, by the commitment of those \$60 million, the establishment of a regional government with a planning budget of \$800,000 a year, with still all of the decisions actually being made by everybody's good friend Milt Farrow.

I don't want to get him into the same trouble we got him into last night. I want him to keep his job. But I'll tell you, when I see an increase proposed in your budget for planning purposes, it doesn't look to me as if you are thinking of any reduction in the imposition of your authority in local planning. I am very much concerned about that.

**Hon. Mr. Rhodes:** First of all, let me qualify something so that I will not in any way be accused of perhaps misleading you. When I said I signed all of these things, I was referring to the zoning orders; all amendments to the zoning orders are signed by Mr. Farrow. I want to make that clear. I was referring to the orders themselves. Let me tell you you'll get very little sympathy from me because you get a lot of phone calls about zoning orders. You are only concerned with the one area. I've got them all over the province.

I am not overly enthused about zoning orders, as I have said before. I have made a pretty good effort at taking many of them off and removing them. Let's understand that in the area you are concerned about those zoning orders were placed on that area at the request of the region to put the zoning orders on, to give them time to prepare the necessary control legislation at the local level so they wouldn't have the sort of development they didn't want. I can also tell you after a discussion with you, I might add, in the Legislature, when I realized I had your unqualified support, I immediately said I was going to lift the zoning orders. And down they came, pleading, "Please don't lift the zoning orders." But I went ahead and staged it. I said, "We are going to lift them where we can to make it as easy for those of you who want a little more time."

The first to go off was the town of Simcoe. Mayor Judd was very happy. It was the first time in two years that he had



been happy as far as I am concerned. The others are waiting their turns to get their zoning orders lifted. I don't know the reason for the planning staff suddenly deciding there were greener fields elsewhere.

**Mr. Nixon:** It may have been because all their decisions were made down here.

**Hon. Mr. Rhodes:** No. It may well have been because the zoning orders were lifted on them and they didn't want them to come off and they felt they had had the rug pulled out from under them by their own regional council. That's something we can debate at a different time.

**Mr. Nixon:** I don't know why we should do it at a different time.

**Hon. Mr. Rhodes:** I'll debate it now if you wish. The simple matter is that I'm prepared to take off the zoning orders. We have waited three or four years—that's correct—for the \$800,000-a-year planning staff to produce the necessary planning documents so they could have their own control at the local level.

**Mr. Nixon:** I don't think they are much closer to it now than they were four years ago.

**Hon. Mr. Rhodes:** Well, then, don't blame that on me. Go down and have a chat with the guys who are hiring the planning staff down there and paying them \$800,000 a year. As far as I am concerned, I'd wipe off the zoning orders tomorrow.

**Mr. Nixon:** Well, you should.

**Hon. Mr. Rhodes:** But you would be in here the following day—

**Mr. Nixon:** No, I would not.

**Hon. Mr. Rhodes:** —criticizing me without any question for allowing haphazard, uncontrolled development to take place in your area.

**Mr. Nixon:** Listen, I'll tell you that you have inherited from John White and the Treasurer the kind of a problem with local planning that you have not moved to correct, in my opinion. I think these zoning orders were simply the kind of stopgap which were not necessarily for the use of the local council but for the use of the provincial government while they tried to figure out what they were going to do with \$60-million worth of land that they had purchased and had purchased in an ill-advised way.

**Hon. Mr. Rhodes:** On the contrary.

**Mr. Nixon:** Yes, sir. You've made a commitment to that city down there which was

a premature commitment. You've got a planning staff full-time down there. You've tried about five different alternatives, including a committee chaired by the Minister of Revenue herself, if you can imagine that, working down in the Haldimand-Norfolk area. I sometimes feel sympathy for you, which is probably misplaced, because I have learned that we don't have to sympathize with you very much.

**Hon. Mr. Rhodes:** That's good.

**Mr. Nixon:** Even though the Globe and Mail said they were disappointed in you once.

**Hon. Mr. Rhodes:** Did they once?

**Mr. Nixon:** Yes, they did.

**Hon. Mr. Rhodes:** Just once?

**Mr. Nixon:** Just once. But I'll tell you that I have been disappointed in this approach. I would think those zoning orders ought to be removed and the reliance for planning placed on the local regional municipality. I would also say this House has got to come to grips without delay with the problems in the regional government down there. Their chief officials both in planning and in administration have either quit or been fired. The police in the regional police force for the second time is coming under the scrutiny of the police commission. It is just a mess in that area.

**Hon. Mr. Rhodes:** You guys have got to be something else. You have found a whipping post and you are going to beat it until your arms are sore. You are going to blame regional government for everything. I tell you that you had chaos in your own areas before I ever came along.

**Mr. Nixon:** It's a very justifiable criticism. It was the poorest decision that this government made and it almost defeated the government. In my view, it should have.

**Mr. McNeil:** It's Lonesome Bob now.

[4:00]

**Mr. Martel:** That was a lot of crap that Stuart came out with.

**Hon. Mr. Rhodes:** I don't understand why you're all so buoyant, for crying out loud. You lost one seat and went down in the popular vote. You'd think you'd won the election or something.

**Mr. Nixon:** Maybe we didn't win but we know who lost.

**Hon. Mr. Rhodes:** Not me. Look, I have said on more than one occasion, and I'll stand by it and repeat it again: I'm quite prepared to lift zoning orders right off. I'm prepared to do that, but when the regional government

of the area and some of the municipalities within that region say, "Please, don't lift those off because we aren't ready to handle it ourselves," would you leave them on?

**Mr. Nixon:** You've already lifted it in some areas.

**Hon. Mr. Rhodes:** Right, I've finally had to say it to them because if I leave them on they are going to do nothing, and the only way to make them move on the thing is to start taking those orders off progressively. I understand that there is some progress being made in those other areas because they know there's a deadline. If you lift them off, and I think you fully understand this, if you take those orders off right now you are going to be receiving phone calls as well.

There's another area of this province—which will go unnamed at this particular stage, it will probably come up later on in discussions—where the community is split right in half—50 per cent of the people want me to lift the zoning orders and the other 50 per cent want them left on. That's the sort of thing you're running into when the local councils and the local planning authorities have not gone ahead and produced their comprehensive zoning bylaws, or an official plan or something to control the development.

**Mr. Nixon:** Yes, but there are those areas, including Nanticoke, which have an approved official plan.

**Hon. Mr. Rhodes:** Oh, yes, there's an official plan. It's there.

**Mr. Nixon:** All right. Okay. Watch it with the stickhandling, but it has an official plan. If you were to get your orders off there, why couldn't the local planning people simply implement the official plan?

**Hon. Mr. Rhodes:** Mr. Farrow, will you go ahead and respond?

**Mr. Farrow:** Mr. Chairman, in that area, although it had an official plan, the zoning bylaw that was in effect was quite old and pretty permissive; almost anything that could happen anywhere.

**Mr. G. I. Miller:** I don't think that's right. I think, as former reeve of the council of Walpole, we dealt with stuff.

**Hon. Mr. Rhodes:** There's the problem.

**Mr. G. I. Miller:** We dealt with Texaco. We dealt with Hydro and we controlled them. I think in my opinion we did pretty doggone good. The official plan was set in place in 1968.

**Mr. Farrow:** I'm not suggesting the official plan was not a good plan. The implementing zoning bylaw was on, as I understand, long

before the official plan became in effect and it was a general-use type of bylaw that permitted things, an appropriate size for a house and an appropriate size for commercial and an appropriate size for other uses, but no specific zones of where you could or where you couldn't have the uses.

**Mr. G. I. Miller:** No, that had to go before the OMB.

**Mr. Farrow:** That's right. That's the thing that we want to get into effect and the region has told us they want to get into effect before we pull off the order. As for the official plans, some of them were put through rather quickly down there, as you're aware, before the change in government—

**Mr. G. I. Miller:** Pretty well.

**Mr. Farrow:** —but most of them are pretty basically good official plans but they don't have the zoning bylaw to implement them. It was on that basis, in the discussions with the region and the province, that it was decided they should be put on.

**Mr. G. I. Miller:** They were a lot more speedier in being dealt with than they are right now.

**Mr. Farrow:** We wouldn't have to make amendments. Many of the things that are going through in amendments and many that are being turned down by the region, or recommended to us to be turned down, wouldn't be caught at all by the existing zoning bylaws on there, and much of the development along the lakeshore in the flood area could go ahead if it was left to the local bylaw. The region is aware of this.

**Hon. Mr. Rhodes:** Let me also point out another factor in this whole picture, and that is, just recently I signed a number of approvals for consent to do things in that area that the region was totally opposed to. The local municipality was in favour of them but the region was totally opposed.

**Mr. G. I. Miller:** What, for instance?

**Hon. Mr. Rhodes:** Adding a small porch to a summer cottage. It's almost ridiculous that you've got to ask permission to do that, but that's it. The region said: "Don't do it because it doesn't conform to what our policies are." The local municipality says, "Do it," so I go along with the local municipality.

**Mr. Nixon:** Maybe there's more than one villain in this.

**Hon. Mr. Rhodes:** Oh, yes.

**Mr. Nixon:** The fact that the minister still finds himself in the position of having to approve the addition of a porch on a summer cottage definitely puts him in position as



number one. But number two in my view is the effectiveness or lack of it of the regional government in that area.

**Hon. Mr. Rhodes:** Somebody has to create a villain.

**Mr. Nixon:** All right, maybe I am—

**Hon. Mr. Rhodes:** The villain has been created by the position of the regional government and the local municipality.

**Mr. Nixon:** I am Dr. Frankenstein and you can be the villain, but you are the people who created the regional government. The idea of them having an official plan and you insisting that you have to have the minister's orders even on an area where there is an official plan I think is simply unacceptable. The fact that the zoning bylaws are in your view antiquated I think is largely irrelevant. Maybe that's the way they want to implement their official plan.

**Mr. Farrow.** Mr. Chairman, the zoning bylaws do not implement the official plan. They permit uses which the official plan would not permit in areas where the official plan would not permit it. The official plan came into effect subsequent to the zoning bylaws. Bylaws in most of that area are quite old. The official plans are relatively new and on that basis they do not implement the official plan. That's the problem.

**Mr. Nixon:** I won't pursue this much further, but you indicated that some parts of the official plan were entered into hurriedly—a few days before the regional government Act was proclaimed. Don't you people have the approval of official plans?

**Mr. Farrow:** There were various items which were involved at that time. I believe that was the same time that the consent-granting power went to municipalities that had their own official plans. There were other reasons why some of those local municipalities wanted to get official plans. I am not sure whether Walpole was one of those that was done later or at that time. Modifications were made. We brought them up to a bare minimum but they were, as I said, quite good and quite adequate to serve the purpose. But there was no implementation, no zoning bylaws implementing those official plans.

**Mr. Nixon:** You said the bylaws do not implement an official plan—that the bylaws permit exemptions or alternative uses.

**Mr. Farrow:** The zoning bylaws were in effect before the municipalities sat down and did any "planning."

**Mr. Nixon:** All right, but it really is a very difficult mess down there. It is very difficult for the people in the area who know there are official plans in existence, who feel they still have to come to Toronto and suffer what they consider to be unconscionable delays in getting the minister's approval for a porch on a cottage.

**Hon. Mr. Rhodes:** But you know that those are consents. You know as well as I do that the official plans came into being after the zoning bylaws and the councils never re-passed their zoning bylaws to apply so that they could control or apply the designations of the official plan.

**Mr. Nixon:** We can go on forever, because you people have approved those official plans or they wouldn't be official plans.

**Hon. Mr. Rhodes:** We are not knocking the official plan. What we are saying is the implementing bylaws were passed before the official plan was.

**Mr. Nixon:** I am not a planner. All I know is that Mr. Farrow said they do not implement them.

**Mr. Farrow:** The bylaws pre-dated the official plan. If their bylaws were totally in conformity to their official plan, we would not be involved. Zoning orders that are coming to us, if they conform to the official plan, are going through—not maybe as quickly as everyone would like—

**Mr. Nixon:** I will simply end by saying this: You have set a deadline to the end of the year. What if you are not satisfied that the appropriate new bylaws don't compensate for the other bylaws?

**Hon. Mr. Rhodes:** When the end of the year comes, the zoning orders are going to come off, subject to, of course, the requirement that those who object to them coming off will be heard by the Ontario Municipal Board.

**Mr. Nixon:** And you feel the people objecting are all in the regional council?

**Hon. Mr. Rhodes:** Oh, no. There may be people who own property out there who will object.

**Mr. Nixon:** Oh, well, they certainly have never contacted me. They may be contacting you but there is nobody down there who wants you planning.

**Hon. Mr. Rhodes:** Let me just remind you of this, sir. As these zoning orders are coming off, I want you to be—in fact I will see that you are kept informed of the number—

**Mr. Nixon:** That is going to be something new.



**Hon. Mr. Rhodes:** I have always kept you informed.

**Mr. Nixon:** You and your predecessor have been having meetings pertaining to the development of that area for years, and I haven't been informed or asked to the meetings.

**Hon. Mr. Rhodes:** My goodness. The reason that happened, I suppose, is because we had unqualified support from you for what we were doing, up until just recently.

**Mr. Nixon:** Oh, no. Just in case some of the newer members take you seriously—you must be aware that at least I and the Liberal Party spoke and voted against that whole procedure.

**Hon. Mr. Rhodes:** Not on Townsend.

**Mr. Nixon:** Oh, yes. You said the development had to be in the towns that were already developed, that there was no reason to go forward with the expenditure of the new city. Now, you have agreed with us. Finally, even the NDP in its campaign agreed.

**Hon. Mr. Rhodes:** I will keep you informed, as I said I would. I'll send you a copy of all the requests I get for referral or objections to the removal of the zoning orders—because they will come.

**Mr. Nixon:** You hope.

**Hon. Mr. Rhodes:** They will come. I don't hope for them, because it is a delaying factor. But they will come. In every case so far, where we've attempted to lift a zoning order in any area, there have been those who objected to it being removed. And they are people who live in the area.

**Mr. Nixon:** I'll just close with this, that of all the strong feeling against regional government in the Haldimand-Norfolk area, I would say the confusion on land-use plans has probably led to the strongest objections. These have been translated politically—maybe the minister feels unfairly. But this is an area where people have felt that the government—probably, at more than one level—has been most inadequate.

**Hon. Mr. Rhodes:** My last shot at it is this. I don't disagree that it may be one of the most contentious issues to concern the people in the area. But I say to you, if there is some responsibility for it—it lies in my shop. I accept that responsibility, I have no choice. But I tell you at the same time, there is a great amount of responsibility that goes down through the various levels of government, into the local municipalities, who really have not—I say it with respect—have not done their job of producing the necessary documents in their own communities so they

could have that control without any question. Then they've come to me and said, "Please leave the zoning order on."

**Mr. Nixon:** I want some copies of those letters.

**Mr. Hall:** When the zoning orders are lifted at the end of the year—you said they will be—will that be the end of it, subject to the right of people to object to the OMB where they disagree?

**Hon. Mr. Rhodes:** Plus the fact that we could refer the whole thing to the OMB.

**Mr. Hall:** Just for the record, then: they won't necessarily be gone by the end of the year, will they? While they are under appeal to the OMB, they are still in force, are they not?

**Hon. Mr. Rhodes:** That's right.

**Mr. Hall:** But they could go on for a long time?

**Hon. Mr. Rhodes:** That's correct. We could say we are going to lift the zoning orders; and we have already indicated that we will, and what the timing will be. If there are objections to the lifting of it, then, of course, the hearing is required and the zoning order would have to stay in effect until the hearings are completed.

**Mr. Hall:** Sometimes those hearings can take two or three years.

**Hon. Mr. Rhodes:** I hope not.

**Mr. G. I. Miller:** You are putting the onus on the regional council, saying it is their fault. But I think you have to realize the responsibility they have had to accept—and starting from scratch, and without a lot of assistance. I will say to you that you have assisted here at the ministry. But I don't think you can point your finger at the elected officials there. I think they've done a real chore, had a big job to do.

**Hon. Mr. Rhodes:** I am not underestimating the size of their job. But you are the gentleman who sat here and said it's been three or four years and nothing has happened. In one voice you say, "Leave the planning to the local people."

**Mr. Nixon:** Right.

**Hon. Mr. Rhodes:** In the next voice you say, "Get down there and do it for them."

**Mr. Nixon:** Not at all. You were the people who imposed regional government, even though you're prepared to say they asked for it down there—which is ridiculous.

**Hon. Mr. Rhodes:** I didn't say they asked for regional government, I said they asked for zoning laws.

**Mr. Nixon:** But you are the people who imposed the regional government. Probably, the basic argument—if we are to accept your contention that it's not working—is that it was a mistake to impose the regional government over that area, and immediately back it up with those minister's orders. It really has been such a dislocating mess down there.

**Hon. Mr. Rhodes:** No, we're not backed up by the minister's orders. The minister's orders are there as a result of the regional government saying—and in some cases the municipalities saying—"We are not in a position as yet to control the development within our own communities. Impose the orders and we will get on with preparing the necessary documents." Those documents are still not prepared.

[4:15]

**Mr. Nixon:** At least one area of those freezing orders came on at the time of the acquisition of the city sites.

**Hon. Mr. Rhodes:** Yes, that is correct.

**Mr. Nixon:** It seems to me very much that the uncertainty associated with that was that the government was moving in mysterious ways, and they were mysterious. Only the Premier and the Treasurer knew about it. Certainly the planning people didn't know anything about it and the local government didn't know what the devil you people had in mind. They didn't even know who was optioning the properties. They were afraid to do anything as far as planning was concerned.

**Hon. Mr. Rhodes:** Now you are talking about the acquisition of the townsites.

**Mr. Nixon:** That led to the uncertainty in the planning process. All of those municipalities had planning authorities before you regionalized it.

**Hon. Mr. Rhodes:** They had planning authorities.

**Mr. Nixon:** They were doing planning for their own benefits.

**Hon. Mr. Rhodes:** They sure didn't have very good documents.

**Mr. Nixon:** Well, they were planning. Certainly Mr. Spooner didn't have to approve a porch on a cottage.

**Hon. Mr. Rhodes:** He didn't have zoning orders.

**Mr. G. I. Miller:** My concern is that there were some areas and some municipalities that didn't have planning. But again the main centre did have official plans to control

the development. I think it did work quite effectively. My concern is the fact that they haven't been able to utilize those. There's been a duplication. They should have maybe started with that hub and worked from there in regard to planning. Anybody who has campaigned in the area would understand how bitter they feel about the implementation of regional government and how remote it is from the people.

Perhaps the reasoning for this is the fact that the administration is done from two functions and not from a central area. A lot of people have been eliminated from sitting on that council by the fact that it is a full-time job. I think that is an area of real concern. Anybody who is working, a labour person, can't participate because he can't get time off. So, consequently, the system breaks down because of the fact that they don't feel a part of it. That was brought home very clearly to me in this past campaign.

The Haldimand-Norfolk study which was done before regional government came in—I said in 1973 but I believe it was April 1974, to straighten that out—indicated the existing municipalities should be allowed to grow. At that point in time in the townsite, as was pointed out by the former Treasurer, the growth potential was there. The figures indicated there could be as high as 900,000 people coming into the area. That pointed out quite clearly that there was a need for a townsite, maybe two. That was a justification for those two townsites. But the thing is, that Haldimand-Norfolk study indicated the existing municipalities should be allowed to grow first. Then you would have a base to get your population from and then bring the new city site on stream.

Again, this doesn't appear to be happening. It appears that somebody wants to justify the development of the townsite and the expenditure of that money. I don't know. The basic economy of the region is dependent on agricultural use. We have Norfolk Co-op in Jarvis which has spent many thousands of dollars just this year upgrading its facility. We have Master Feeds in Nelles Corners which has a first-class facility for dealing with agricultural produce. We have Haldimand Co-op in Cayuga, Hagersville and Dunnville. We have Norfolk Co-op in Waterford, Simcoe and Courtland. I think you can see that the economy in that area is dependent on agriculture. We have the machinery dealers who are geared to it, and I can name them too.



It is important, in my opinion, that we try to maintain the agriculture aspect until there is a need for that townsite. When there is a need for it, okay, I say it is great. I think the planning aspect is good, that we plan effectively for people. The planning does have to be for people, not only for people tomorrow but particularly for people today.

I think Hagersville and Jarvis at the present time are in need of water, Hagersville in particular. They've got the poorest damn water in Ontario. It's hard. It's sulphur. It's black. It's costing everybody in that region money, because they have a hospital there, they have a high school there and they have a separate school and two public schools and it's public funds that keep those up. The plumbing expense because of this type of water is just tremendous.

They spent money on putting the water intake at the Nanticoke generating station—I think something like \$3 million or \$4 million now—and I think that intake is designed not only for that region but I think it is designed to take care of Brantford and Kitchener and that total area. They are trying to justify the region paying for that intake, which really is not fair, in my opinion.

I think Stelco has made a deal to take water from the water intake at 85 cents per thousand, which is the most expensive perhaps in Ontario. I think the average in Ontario is about 52 cents. I think it is unjustified that they should be penalized to pay 85 cents, and it is going to cost the people in the area \$1.16 per thousand to get water off it after it's bought by the region and those costs are handed over to the people who use it. So I think there's unfair pressure being applied.

We have towns like Cayuga, which has 1,000 people, and we have Jarvis, with 1,000 people. There was a plan for Jarvis in which it could go up to 20,000 people. Nobody has looked at that plan. They have ignored it. What is going to happen to the town of Jarvis if it is not connected with Townsend? I think that municipality, along with Cayuga, Caledonia, Hagersville, Port Dover—which has a subdivision there now, and it's been sitting there since before regional government came in, with 400-and-some lots and there has been only a handful sold—I think it is moving now. They got their approval within the last few weeks.

I think the region has spent \$12 million on upgrading the services to existing towns like Dunnville, which can go up now to

10,000 to 12,000 people. I think Caledonia can go up to 6,000 people. I think Port Dover can go up to 10,000 to 12,000. I think Simcoe can go to 22,000; Delhi and Waterford, to a lesser amount, but they can still handle some growth, and Port Rowan is another area. God knows, they need something to stimulate those small municipalities, and they are not that far out of line to get to the industrial area.

It seems to me it makes sense to put the plan on—and I think the plan is almost completed on the Townsend site. The first two stages have been completed and there are three more that haven't been released but I think they are available now—so that that town can develop if it is needed on a rational basis so that that can continue to be farmed. The present property can continue to be farmed until it is needed.

The sewage disposal is geared to develop as the industrial park develops. They've built the Stelco steel plant first, then the industrial park, and then as you come back by the north you could hook into the lagoon system which is being planned both at Jarvis and Nanticoke Creek. That system can be developed as you come back in stages from the lake. It doesn't seem to me to make all that much sense to develop a town in an open area when there is no need for it. There doesn't appear to be a need for it now. When there is, I say go ahead, but I say the existing municipalities should be allowed to grow first. I think that is a real concern to many people in the area.

If you're listening, Mr. Minister, I think these soundings from the local people should be taken into consideration. I think again that we need water for Hagersville and we need it for Jarvis. Perhaps it could be a plan that would provide jobs—it could even go to Cayuga and it could go to Caledonia. The basic plans are there and I think that's the way the direction should go.

**Hon. Mr. Rhodes:** At the present time, there have been financial commitments made that will probably double the size of Simcoe in population—that is for servicing capability and capacity—and triple the size of Port Dover—that is going to happen. As you have indicated—you are correct—I am aware of the fact that you have serviced lots in Port Dover that just have not been moving.

**Mr. G. I. Miller:** And there is another subdivision ready. I think there are three more in stages that could quickly be done.

**Hon. Mr. Rhodes:** But there hasn't been a market for them, that is quite so.



**Mr. G. I. Miller:** Yes.

**Hon. Mr. Rhodes:** These are the sorts of things that we have been discussing with the region. When we talked about the development of Townsend as a townsite, the projections that we had when that was all brought on indicated there was going to be a need for those housing units to be developed there. But as we have said for some time now, if there is no need, then of course you're not going to go ahead with it. We are not going to stop the potential of Simcoe to grow to what its capacity to service will be there. We've never said we would stop that.

And the same in Port Dover—the lots are there and serviced; obviously they can be sold and built on. But what I am wondering about is—the impression I got from talking to certain people down in the region among the elected representatives, is that 24,000 for Simcoe really wasn't big enough. It should be allowed to go to 35,000 or 40,000 or 50,000 or whatever size it could possible grow too. I don't really think you agree with that and I am fairly certain the people who live in Simcoe don't agree with it.

**Mr. G. I. Miller:** I would agree.

**Hon. Mr. Rhodes:** And Port Dover—I don't think the good people in Port Dover want to see their town suddenly grow five, six, seven or eight times its size. That was one of the reasons for Townsend being there. So that when those communities had reached what would have to be looked upon as a desirable size and growth, then Townsend could be brought on and could be built and could provide the housing. But the only way you can do that—I don't want to be beaten over the head by you or whoever may succeed you by saying, "Why didn't you service that land at Townsend? Why haven't you got water in there? Why haven't you got lots ready to build on? Why haven't you got lots available when the people start to come in to work at the Stelco plant that they can buy at a reasonable price, rather than having to pay the prices that are currently being charged in places like Simcoe and Port Dover?"

**Mr. Nixon:** If that is your argument, then these people should be going ahead with the development post-haste. You want to undercut the lots that are already available in those areas. How can you have it both ways?

**Hon. Mr. Rhodes:** No, it is not a question of undercutting, it is a question of giving people an alternative. If you want to go down and buy a lot worth \$40,000, that's up to you. But somebody has to have the ability to go and buy a lot that perhaps is worth \$10,000, \$12,000 or \$13,000.

**Mr. Nixon:** But you are going to go ahead with the servicing of the lots nevertheless.

**Hon. Mr. Rhodes:** No, I haven't said that. We are going to hold off until we have had our discussions with the region.

**Mr. G. I. Miller:** Yes, but Mr. Minister, why haven't those lots been on the market? Already there have been subdivisions there and I have a letter right here that in Caledonia, a man has 55 acres of land. He has had it for eight years and he hasn't been able to do anything with it yet. He had all the approvals from the region, and they came June 9 and they said they weren't going to approve it now. This land is within the urban area of Caledonia. I say to you, Mr. Minister, it has been your responsibility—not yours but the planning—that the reason for the subdivision not being developed in that area at the present time has been due to the planning.

**Hon. Mr. Rhodes:** I can't answer the—

**Mr. G. I. Miller:** Not only that, but again Jarvis was an area, they had a plan on land there in 1968 or 1969 that they could go up to 20,000 people, and that hasn't been allowed to develop. They said there was no water, there wasn't room for sewage facilities, but the need for the water line was there then. I think the intent of that municipality was to expand that water line, coming in seven miles, six, even five miles from the lake, but it wasn't done—because they were waiting for regional government to take hold of it and develop it. But it never happened.

[4:30]

**Hon. Mr. Rhodes:** I think you would have to agree that Jarvis could not have afforded to put in that water line.

**Mr. G. I. Miller:** They could have. Ask the former reeve. He had set it up. They had \$20,000 in the bank which was taken over by the region at the time to start an initial expansion of that water line.

**Hon. Mr. Rhodes:** You're talking about \$20,000. We are talking about a water line costing \$4 million.

**Mr. G. I. Miller:** I know what you are talking about. The line is not designed just for that area, and you know that.

**Mr. Nixon:** It is obvious they could have gone ahead and serviced the town themselves, but you people are talking about servicing the whole Grand Valley. That line that is going to come up there ought to be your responsibility.

**Hon. Mr. Rhodes:** Don't you agree that there is some need to supply some degree of servicing for the Stelco facility—

**Mr. Nixon:** Sure.

**Mr. G. I. Miller:** Sure. Oh yes.

**Hon. Mr. Rhodes:** —for Jarvis, for Hagersville and for the Townsend site? Do you agree with that?

**Mr. Nixon:** But Jarvis doesn't have to pay for the whole thing.

**Hon. Mr. Rhodes:** No, nobody suggested it. We are going to pay for it.

**Mr. Nixon:** I don't want to prolong it.

**Hon. Mr. Rhodes:** Yes, you do.

**Mr. Nixon:** I do not. He said that Jarvis could have provided that line themselves, a line five miles from the lake.

**Hon. Mr. Rhodes:** For \$20,000?

**Mr. Nixon:** Well, certainly not \$4 million. You are talking about \$40 million for the servicing that I was asking you about just before the election.

**Hon. Mr. Rhodes:** That was the total servicing of all the sewage, the water, the whole bit.

**Mr. Nixon:** You said you were going to go forward with that on a phased basis.

**Hon. Mr. Rhodes:** Yes.

**Mr. Nixon:** When are you going to get the water in?

**Hon. Mr. Rhodes:** The water is going to go in, providing we don't have delays created by just this sort of debate.

**Mr. Nixon:** Do you think this is an unnecessary debate?

**Hon. Mr. Rhodes:** Oh, it is a lovely debate and very necessary, but it could cause delays from the way you are talking about it.

**Mr. G. I. Miller:** If you are really responsible for the needs and supplying the services of Ontario—

**Hon. Mr. Rhodes:** No, I am not.

**Mr. G. I. Miller:** Just a minute now—for the development of Ontario, you shouldn't use this as an excuse to delay it. You should move forward so that we can provide the development of the existing community. I don't think you can use it as an excuse.

**Hon. Mr. Rhodes:** We would be further along the trail in the servicing of that particular area for water and getting along with some of the servicing that is required to allow those communities to grow, just as you have suggested, if perhaps there had been less fanning of the flames of discontent in the area by certain people.

**Mr. G. I. Miller:** Don't point your finger at me, sir, because I have never fanned the discontent in the area.

**Mr. Nixon:** It doesn't need much fanning, I'll tell you. I hear the hon. member for Middlesex (Mr. Eaton) over there using the same phrase. Is he writing your stuff for you now?

**Hon. Mr. Rhodes:** Which means you haven't done much. I didn't hear you.

**Mr. Nixon:** I will tell you, if there were regional government in Middlesex, he never would have been here because people are not going to stand for this kind of thing.

**Mr. Eaton:** You tried to say it was coming there too. You tried to make that the big issue.

**Mr. Nixon:** The plans of the Tories were to regionalize the province right through, and it will include you.

**Mr. Eaton:** You supported regionalization.

**Mr. Chairman:** Order.

**Mr. Eaton:** Part of your platform in 1967 was regionalization.

**Mr. Nixon:** No.

**Mr. Eaton:** Sure, it was.

**Mr. Chairman:** Gentlemen, gentlemen.

**Mr. G. I. Miller:** Let's get back. I don't intend to start a riot here.

**Mr. Chairman:** Continue, Mr. Miller.

**Mr. Eaton:** It got you upset, didn't it? I heard about you going here and there.

**Mr. Ruston:** You've been hearing things ever since you came down here.

**Mr. Breaugh:** All this is upsetting me.

Interjections.

**Mr. G. I. Miller:** I'll tell you when your taxes go up the way they do and the small homeowner is paying \$900 tax on a small lot with not all the services completed, we have to take a realistic look that we don't tax our people so they can't afford to live in their own home. I think that is a concern. I'm not trying to say regional government is not okay. I'm not saying that. There is good in it but there could be some betterments to it.

**Mr. Chairman:** Let's get back to the subject.

**Mr. G. I. Miller:** This morning I called the planning department and indicated that we had an application for an amendment to the minister's order. The reply I got was that the application went to the minister at the end of last week, but because there had been some holidays—and I'm not pointing my finger at that particular person and I won't mention his name—it would have to wait another week before it could be dealt with. They said they had a bunch of eight or 10



applications, and to call back on July 4. I think there has to be something wrong when the system breaks down.

**Hon. Mr. Rhodes:** Mr. Chairman, the hon. member mentioned this to me earlier today, and as far as I'm concerned we don't turn off the world because someone goes on holidays. If that is the sort of message you got you should not have received that, and I would trust that the gentleman sitting to my left will see that it doesn't occur again. I'd hate to think what happens if a guy dies. I guess we drop the program. That is not the policy.

**Mr. G. I. Miller:** All right, there's just one final question I would like to ask. I think the budget for community planning in Ontario was something like—I don't have the figure in front of me right now for 1977.

**Hon. Mr. Rhodes:** For community planning this year, \$2,807,000. You're talking about the total now, but the amount for the community planning advisory branch is \$2,807,000.

**Mr. G. I. Miller:** No, I thought it said planning administration, \$66 million? Item 2?

**Hon. Mr. Rhodes:** Oh, plans administration, here. Yes, the total, and that includes OHAP and everything, is \$63 million.

**Mr. G. I. Miller:** If the planning responsibility is turned back to the regional level, shouldn't there be a saving as far as planning is concerned? I'm concerned about the overall cost of administration for the regional government and I would like to come up with some solutions to bring that cost down more in line, because as I stated before, taxes on homes are getting to the point where they are almost unbearable. I think that has to be a consideration. Shouldn't there be less need for planning expense at the provincial level when it is done at the regional level? That money could be turned back to the region to offset the costs.

**Hon. Mr. Rhodes:** Just remember, out of that \$63 million, that about \$50 million of it is in loans to various municipalities.

**Mr. G. I. Miller:** Okay. I'm just asking the question.

**Hon. Mr. Rhodes:** Obviously, if our responsibilities decline—and I would be amazed to see that happen—then of course our expenses go down, allowing for inflation and—

**Mr. G. I. Miller:** But shouldn't it be passed on to the region?

**Hon. Mr. Rhodes:** Not necessarily, just reduce the budget.

**Mr. Eaton:** Mr. Minister, I wanted to talk to you about the section that involves the

Ontario home renewal grants and the program that you're carrying on there. I see that you indicated an increase in the budget. My concern is the small municipalities, and I refer to some that did take advantage of the lotn program, but because of the size of the municipalities they were limited to amounts like \$30,000. Now \$30,000 certainly doesn't go very far in a community when you're putting out loans of up to \$7,500. It ends up that probably four homeowners can obtain that loan, or maybe five or six depending on the size of it.

I know we pressed before for some minimum amounts for municipalities and I think you brought about an increase in it. Is there any indication we could get a further increase of the amount that the smaller municipalities can get?

**Hon. Mr. Rhodes:** We did increase it up to \$50,000 minimum, plus the per capita grants to the small municipalities.

**Mr. Eaton:** Even then, \$50,000 and the per capita grant amounts to how much now?

**Mr. Wronski:** Mr. Chairman, the average loan amount is about \$3,600 to about \$4,000.

**Mr. Eaton:** Okay, so instead of four loans we can make 10 loans.

**Mr. Wronski:** Ten to 15 loans, obviously. But this is a gradual program and although its termination is predicted for the end of the fiscal year, the ministry is now considering making a suggestion to the government that if possible, if the constraints allow it, we extend the program further.

**Hon. Mr. Rhodes:** I think one of the recommendations in the report that we got on the renewal program was that this program should be at least in five-year segments.

**Mr. Eaton:** Right.

**Hon. Mr. Rhodes:** Rather than year by year, it should be five years. I think that is a good idea. The program has done a good job, it is one of the more successful programs and I think five years would be a better way to extend it than year by year.

**Mr. Eaton:** I certainly would agree with that. I would also suggest that you consider raising the minimum that the smaller municipalities can get to, say, at least \$100,000. In looking at some of the situations in my own riding and some neighbouring ridings, it is the smaller municipalities that are in need of it most and could use the support so that the people there could get the loans. As it also pointed out, it is for many things involving the necessities for a home—heat, hydro and so on. I would certainly like to see you give consideration



to increasing the minimum that the small municipalities can get under that program.

**Hon. Mr. Rhodes:** As I said, I think the program is a success; and if we can make it more successful, I don't have any quarrel with it. There are a number of things I would like to see done with the program. Again, going back to the report that we received on how successful we have been with it, there are a couple of things in it that give me concern.

We have attempted, as you know, to allow the local municipalities to handle this program in the way they felt would be to their best advantage. As a result, we have some differences between municipalities. You can go across a municipal boundary and you will find a party on one side of a road is getting certain terms and on the other side of the road they are entirely different.

I think we have got to put some uniformity into the program so that the same rules and regulations apply to all communities in terms of how much of it is grant, how you arrive at the interest rates, the repayment program and that sort of thing. At present, unfortunately—and I think we have to correct that—there are some communities that don't give any portion as grant; it is all loan—and that causes some problems.

**Mr. Eaton:** I wouldn't quarrel particularly with the communities that wished to do that. If they give it all in a loan, if they reduce the interest rates in some of the situations, I think that's good too. We give too much away sometimes.

**Hon. Mr. Rhodes:** It may be, but—

**Mr. Eaton:** Another aspect of it—

**Hon. Mr. Rhodes:** Just let me proceed. It may be, but I can tell you that it creates a great deal of problems where you have a feeling of being dealt with unfairly and, because we are the funding agency, I hear about these. Where you have a person living in a house on one side of the road who is getting a portion in grant and the rest in loan, and right across the road someone is getting no grant at all—a total loan—I get the flak.

**Mr. Eaton:** I can see the problem there, and I would agree with some overall standard that they had to observe on that. The other thing—

**Hon. Mr. Rhodes:** Just a minute. One thing I want to mention to you as well is that this program has only been in place a short while. Part of the idea is that the money that is repaid back to the municipality

is put back into the program, so that you start getting a sort of revolving of the money. As it is repaid, it is put back out again in loans; that, combined with the amounts of money they would be requesting from us, could increase the amount of money they would have.

**Mr. Eaton:** But not very significantly in the case of those kinds of municipalities.

**Hon. Mr. Rhodes:** Not early in the game.

**Mr. Eaton:** I think the other aspect is where individuals want to make use of it but they are in municipalities that haven't gone into the program. Is there any way it can be done directly? Any direct involvement?

**Hon. Mr. Rhodes:** No. The only direct involvement we deal with is in the unorganized areas. In the organized communities we deal with the municipalities. If a municipality decides it doesn't want to go into the program, well then certainly we are not going to force it—and we couldn't administer it, because it would be too big for us.

**Mr. Eaton:** I can see the problems involved with it, but I would hope that you would give consideration to raising the minimum amount available to the small municipalities.

**Mr. Chairman:** Mr. Ruston?

**Mr. Ruston:** Mr. Minister, have you seen or heard of a bill that is being or has been introduced in Ottawa, Bill C-40 or C-41, with regard to land use around an airport?

**Hon. Mr. Rhodes:** Yes, I am aware that Mr. Lang is proposing to introduce this bill.

**Mr. Ruston:** I called about it today; it has had first and second reading, I believe.

**Hon. Mr. Rhodes:** It has?

**Mr. Ruston:** I haven't got a copy of it yet; I called Ottawa and they are sending me one down today. The reason I asked was because of the problem we are having with the possible expansion of an airport in the Windsor area.

**Hon. Mr. Rhodes:** I am aware of that.

[4:45]

**Mr. Ruston:** It is in Sandwich South township; I am sure you are aware of that, because I have a letter that came in on April 20, and I see your name on the top. You know, they sent one to me and even called me "Honourable". John and I had the same status in that letter.

**Hon. Mr. Rhodes:** No one could ever say you weren't honourable.

**Mr. Nixon:** Is this from the provincial civil service?

**Mr. Ruston:** No, this was from the township.

Anyway, what I am concerned about is the use of the land. Have any of your officials had an opportunity to see this bill they are proposing? I suppose this is premature, but we are assuming that the federal government would take over the land use, would more or less have the control of the land in the noise areas, wherever it starts—whether it starts at 30 or 40.

**Hon. Mr. Rhodes:** I haven't seen a copy of the bill, but as I understand it, what Mr. Lang has proposed is that where there has been no control placed on the land by a provincial agency or municipality, then the federal government would impose land use controls on land adjacent to airports. The reason for that, of course, is to prevent development that is going to cause some problem in the future, should the airport expand—the noise problems and height, this sort of thing.

**Mr. Ruston:** The real problem that I am speaking of, is that only recently the Ministry of the Environment, with the municipality, put in a large sewage system—trunk sewers and so forth.

**Hon. Mr. Rhodes:** In the area you are talking about, we have control of the land. We have it, and the bill that is being introduced really wouldn't have any effect. What we are looking at in that particular area is in what contour do we permit building to take place. There is a discussion going on at the present time between Transport Canada and the Ministry of the Environment—and our ministry certainly has had an interest because of the land use that is going on—as to whether or not building would be permitted to take place for residential purposes within certain contours. We've got a problem there; perhaps you are aware of it. If you aren't, you soon will be.

**Mr. Ruston:** I am.

**Hon. Mr. Rhodes:** Central Mortgage and Housing is prepared to grant mortgage money in certain contours, but the Environment people or Transport Canada are saying they shouldn't build in there because it's going to be too noisy for them. So that little scrap is going on. If it is good enough for Central Mortgage and Housing to issue mortgage money on it, it should be good enough to build a house on. But it is a problem around that airport.

**Mr. Ruston:** Well the real problem is, of course—and I hear rumours that they are going to announce that soon—there will be a new runway.

**Hon. Mr. Rhodes:** Possibly a new airport.

**Mr. Ruston:** They are already spending \$800,000 on the building itself and the proposed runway a little bit to the south of the present one to change the contour of the sound, moving it over a little from where it is now.

**Hon. Mr. Rhodes:** Perhaps you have some information from Transport Canada that I am not aware of. I don't think that decision has been made as yet. There are two or three options as to what they may do, which is to lengthen the existing runway, to build another one farther to the south. These were the options they were looking at. The other option was to totally relocate the airport.

**Mr. Ruston:** I think most people would assume that is pretty well out of the question now, since they already went ahead and built an addition—

**Hon. Mr. Rhodes:** Is it intended to extend or to build a new runway?

**Mr. Ruston:** I have just heard rumours that they expect an announcement within a short time. It would probably be a new runway, but I don't know. Even the new runway was in terms of 8,000 or 10,000 feet. I don't think we really know for sure. That is the information I have and it is not firsthand. Let's say, that there will be a new runway. There again, we are not positive.

**Hon. Mr. Rhodes:** But we do have the problem to which you alluded. The servicing is there and the township is, of course, concerned that if the development isn't allowed to take place as they had anticipated it would take place, what is going to happen to the costs to pay for the darn sewers?

**Mr. Ruston:** That's right. So it is something that is not going to be easy to solve, although with proper building you can move into those areas; if you put in proper insulation and air-conditioning and so on.

**Hon. Mr. Rhodes:** Yes, that's quite correct until you get someone in one of the ministries, either provincial or federal, saying that's well and good as long as you stay inside the house, but if you go outside to barbecue a hamburger you're going to get frightened to death, or your dogs are going to go hairy or something.

**Mr. Ruston:** In the same area we have a racetrack and you can't make much more noise than a racetrack, and they get by. An



airplane is there for three minutes then it's gone.

Anyway, the idea is to hold off anything there until such time as a decision is made. As soon as a decision is made by the Ministry of Transport in Ottawa then, of course, we'll have to sit down, I suppose with the ministries and everybody, and try to work out some solutions if possible. Is that the idea?

**Hon. Mr. Rhodes:** Right. As soon as they've made a decision as to where the runway is going to go, then the next decision to be made is whether or not, for environmental reasons, building will be permitted within a certain radius and what kind of building.

**Mr. Ruston:** We'll just have to wait for that I guess. Thank you.

Vote 2102 agreed to.

On vote 2103, community development:

**Mr. Hall:** Mr. Minister, in connection with 2102, there were certain items raised last night, is there any information back today on them? The matter of delays in provincial plans and the reasons for delays.

**Hon. Mr. Rhodes:** In the communities you mentioned?

**Mr. Hall:** Yes, I just want to know if it is now available to us.

**Hon. Mr. Rhodes:** I have the information if you are prepared just to accept that; not accept it but look at it and see what it says, I wouldn't be so presumptuous as to ask you to accept it.

**Mr. Breaugh:** Are we going to deal with 2103 as a general vote, allowing us the latitude to raise what you quoted here and some other things?

**Mr. Hall:** Mr. Chairman, through you to the minister, was there any thought of covering the Ontario Mortgage Corporation early, vote 2105, to free up Mr. McDonald?

**Hon. Mr. Rhodes:** Mr. Chairman and members of the committee. I talked briefly with Mr. Hall last night, Mr. Breaugh had left before I had a chance to mention it. Mr. McDonald, from Ontario Mortgage Corporation, has commitments, namely a vacation that he has planned for some time. It will be necessary for him to be here to deal with the Ontario Mortgage Corporation, which is in vote 2105. If it meets with your approval, we would be prepared to have Mr. McDonald deal with that vote tomorrow, because it's a short day tomorrow, we're starting at 11 or 11:30 and finishing at 1 o'clock.

Could I have your agreement on that?

**Mr. Chairman:** Would you sooner deal with it now; tonight or tomorrow?

**Mr. McDonald:** It doesn't matter to me, Mr. Chairman.

**Mr. Hall:** It's immaterial to me if it will accommodate Mr. McDonald. There's a lot of money involved and we'd like to know what he does with it.

**Mr. Chairman:** Very well; we'll set vote 2103 aside for now and go to vote 2105.

On vote 2105, Ontario Mortgage Corporation:

**Mr. Hall:** I find there is a disadvantage in jumping into it so fast, but I'd like to have Mr. McDonald tell us the state of things here for openers.

**Mr. McDonald:** Mr. Chairman, Ontario Mortgage Corporation at the present time has commitments outstanding, mortgages in place, mortgages and leases for other agencies of the ministry, that by March 31, 1978 will approach \$950 million. Our outstanding commitments to be funded or cash-flowed this year to pay out into 1978, are about \$98 million cash flow this year to pay out commitments already made and about another \$14 million to be cash-flowed in our projection for the following year for commitments already made.

In the present fiscal year, because of the fact there is great liquidity in the marketplace by regular lenders, namely banks, trust companies and insurance companies, and because the interest rate has fallen from the high of 12¼ per cent down to the NHA rate of 10 or 10¼ per cent at the present time, and due to the fact of general constraints on funding, it was deemed necessary to request the private lenders to fulfil their obligation to the community to put funding into provincial programs during the present fiscal year. To this end, the Ontario Mortgage Corporation and its board of directors met with the lending institutions in the middle part of January of this year to solicit their aid in financing programs under the newly announced AHOP-HOME program, which was a combined effort of the federal and provincial government to people in lower-income brackets. So far, this program is off the ground and the lenders as a whole are coming through with the necessary funding.

Ontario Mortgage Corporation some two and a half years ago started with \$200 million and is approaching \$1 billion. We have put in sophisticated computer systems which have been very good for controlling the portfolio. Since we put the new computer in on January 1, we have been able to lower our staff from 143 to 108, while almost doubling the portfolio of the corporation.



**Mr. Hall:** How much are the private lenders taking up this year with the lower interest rates?

**Mr. McDonald:** Do you mean in our program?

**Mr. Hall:** Yes.

**Mr. McDonald:** Generally speaking, we asked the private lenders on the HOME lot programs which were in association with the federal AHOP program to fund approximately \$150 million of commitments in the fiscal year April, 1977, to March 31, 1978. At the present time, I don't have the exact numbers, but each call that has been put out by the ministry marketing division for starts of dwelling units in areas such as Malvern and other areas have been taken up by builders and have been financed by the private lenders. At the end of June of this year, the first quarter of the year, we will have a monitoring report to find out exactly how much has been done.

In the meetings we had with the lenders in January and in follow-up meetings of early May, we didn't see any difficulties in the lenders coming through with NHA-financed mortgage funds at 10 or 10½ per cent. All the programs in HOME, or almost all the programs, qualify for the AHOP federal limits which allows the interest rate to be written down from 10½ per cent to eight per cent, plus the qualifying federal grant of \$750 for those persons whose gross debt service per year exceeds 25 per cent. Also, the provincial government piggy-backed \$750 additional grant to assist persons whose debt service could not be met even with a federal grant.

In this area, it seems to be working very well and we don't anticipate there will be any lag off on the projected \$140 million to \$150 million requirements this year.

**Mr. Hall:** This money is primarily going into OHAP areas then, is it Mr. McDonald?  
[5:00]

**Mr. McDonald:** There is a lot in OHAP areas. But the money projected in the HOME lot sales, combined with the private enterprise mortgage money and the AHOP assistance, are in areas such as Windsor, Hamilton, Malvern; in eastern Ontario and northern communities throughout the north from the Sault, through Highway 11 to Geraldton to Longlac. There are about 27 communities in general where it's contemplated that this year there will be offerings for land sales and that the private mortgage funds will be forthcoming. However, OMC would react and act as a residual lender if for some reason a private lender didn't want

to finance—I am using a hypothetical instance—the 16 units in a northern community or some area where they are not normally active. Of course we would have to step in as a residual to that service and make sure those communities are served.

**Mr. Hall:** There is no other program that takes into account small communities that aren't necessarily attractive to private lenders and don't fall under HOME or OHAP?

**Mr. McDonald:** Yes, our preferred lending program, that Ontario Mortgage Corporation has been working on for the past several years, which involves lending mortgage money in communities at the same HOME rate if you will. We have monitored this pretty well from our activity in the last three years and have found that the Campbellfords, the eastern Ontarios, the Bruce Peninsulas and those other areas are being fairly well served by the AHOP program. In fact there is a fair amount of inventory of unsold units in some of these areas. That is another problem that is being encountered by the marketplace, not only by the builder but by the lender in the local communities. Almost without exception as you go across the province, you will find there are very high inventories because of the large production last year, and these unsold units are causing some problem in the marketplace. The areas in which we have been acting in the preferred lending program and those in which the HOME program has been prevalent over the past two or three years, to the best of our knowledge are being served in the private sector by the nature of over-inventory or over-production; or where there is an over-production lenders are moving in in a rather fast method with local builders producing condominiums, semis or single family units, in the OHAP price limit areas.

**Mr. Hall:** You said there is a considerable inventory in housing finance and in part these measures are left over from last year, and this is really in the area of affordable housing. What price range are you talking about?

**Mr. McDonald:** I think the inventories are in all prices. I don't remember the exact dates, but toward the end of last year in the Toronto watershed there were probably 19,000 to 20,000 unsold houses of all styles. The year before I guess the inventory was around 12,000 and the year before that it was about 7,500.

**Mr. Hall:** Is that some of your own resales, in effect? Houses that you financed previously?

**Mr. McDonald:** Yes, not resales but mortgages that we put out similar to mortgages of the banks or the trust companies, especially in the condominium market area. In the Durham area; Ajax, Pickering; some in the peninsula around St. Catharines; in these areas condominiums have been slow to sell.

**Mr. Hall:** Sitting as a mortgage lender, are you experiencing some defaults and losses?

**Mr. McDonald:** Yes, I think every mortgage lender, whether private enterprise or government with a portfolio of almost \$1 billion, encounters foreclosures, quit claims, seizures. We act similar to the marketplace under the law, and if someone doesn't—

**Mr. Hall:** What sort of losses do you encounter? I don't see any specifics in here on that.

**Mr. McDonald:** I think the losses we encounter are insured by ourselves with a reserve fund called the mortgage contingency fund, whereby one per cent of all the mortgages we put out is reserved in a fund similar to the National Housing Act fund. On April 1 of last year we switched all our mortgage lending and insured it under the National Housing Act with the federal government; if there is any default in those mortgages, we get our cost out, dollar for dollar, so we really don't incur any losses.

**Mr. Hall:** Do you have to pay a fee to put them in that program?

**Mr. McDonald:** One per cent. It is really paid by the builder and, similar to other lenders' practices, incorporated into his price. There is a problem in the marketplace; there is no use in kidding: All lenders across the marketplace are finding that there are increased arrears in payments; there are foreclosures and there are some seizures of apartment buildings, both in the private and public sector. There are also persons who have purchased units with the assistance of AHOP and have then tried to sell those units in the marketplace because they had to move their jobs or they wanted to move to a different location; they have found it's very difficult to sell those units when there is a large inventory of similar-priced units in certain areas.

**Mr. Hall:** Doesn't it make you wonder whether your gross debt service ratio of 30 per cent is logical for the market situation?

**Mr. McDonald:** I would think it is arguable whether 25, 27 or 30 per cent is right or wrong. We have more than 50,000 accounts under repayment and we have prob-

ably taken back 29 units either by quit-claim deed, foreclosure or power of sale action for home ownership. Considering the relationship of those 29 units in respect to a portfolio of in excess of 47,000 mortgages and 8,000 leases, it's debatable whether that is good or bad. However, every time you increase the ratio of debt service you are looking for a problem; every time you give additional grants to push the income ranges down lower and lower, the risk to the lender, public or private, is more prevalent because, if it's in home ownership, you have the areas of maintenance—heat, light, cutting the grass and so on.

You have to be very cautious as to the debt service of that person over and above the debt service he is going to take on for the payment of the house. If he is paying very large payments for a car, if he owes the bank money or if he is borrowing his down payment, we would look at him very closely and from time to time we do not award the mortgage to such a person because we think he will get himself in big trouble and we'll have his house back a year from now.

**Mr. Hall:** Is the financial information supplied on an application taken by way of an affidavit or deposit?

**Mr. McDonald:** An affidavit might not be in the legalistic terms that we could sue someone, but when someone signs a mortgage application, salary letters are required from employees and employers—

**Mr. Hall:** There is the problem of whether all debts are revealed, though.

**Mr. McDonald:** We have credit reports. We use four credit agencies; if we get a credit report on an individual purchasing a house and the credit report is pretty blank, we might request a similar credit report from another agency. But usually, as a whole, the credit reports go into quite some detail about the credit history of the person buying the home, right down to the NSF cheques. When you have a credit report that doesn't indicate the bank the person deals with, where he works or his employment, and it's a blank report, then our procedure is to check the length of employment more carefully, where he has worked before, who his bank is; actually, we have interviewed some people as other lenders do.

**Mr. Hall:** For much of the property where you end up in a mortgage support position or a mortgage financing position, you're lending at levels as high as 95 per cent of



value. Is a realtor involved in a lot of these transactions or not?

**Mr. McDonald:** No, not usually.

**Mr. Hall:** There would be on turnovers though, where people moved?

**Mr. McDonald:** If a person who has a mortgage by Ontario Mortgage Corporation wants to offer his house for sale on the open marketplace like anyone else, he can sell it himself by putting a sign on the lot or he can hire a realtor and pay the commission. What we do is not unlike that which is done in the normal marketplace.

**Mr. Hall:** It's not really value added in that it might be a cause for making the property difficult to resell if the mortgage financing of course doesn't change. It's added cash that's needed by the purchaser the second time around.

**Mr. McDonald:** I would think that in a tight marketplace, with five per cent down and a 95 per cent mortgage, which most lenders are using now under NHA, if a person has to sell rather quickly in a tight marketplace, and the increase in inflation of prices on houses in the last five years has really stopped and he has to pay a real estate commission, he'll be very lucky to get out of that deal in a year with his costs.

**Mr. Hall:** Mr. McDonald, in Vote 2105, item 1, you show \$99,810,000 as your estimates for 1977-78. This is in the most part, I certainly hope and assume an investment and not an expense.

**Mr. McDonald:** It's all an investment with the exception of the \$1.8 million.

**Mr. Hall:** For the costs of administration, yes. A lot of other items are shown really, as expenses. Here is an investment that is a little bit different from a lot of other items, it seems to me. What is the flow-back of money? Is that shown anywhere that I haven't seen yet?

**Mr. McDonald:** Basically, the \$99 million plus is mostly an investment in a mortgage portfolio, and the mortgage portfolio is made up of first mortgages of OMC and second mortgages of OMC. We administer on behalf of Ontario Housing Corporation and the ministry some leases and some second mortgages. The money we get to make this investment we borrow from the treasury and we pay back to the treasury, settling with them. Not unlike a trust company would with a GIC certificate, we make a settlement on September 30 and March 30. We pay our interest on our borrowed debt. The repayments from the purchasers—and the repayments now are about \$12 million a year are paid back to

the treasury. Our treasury rate on specific mortgages are tied to a five-year rate since the fall of 1974 so that when we're lending we're trying to balance what we borrow. The interest rate should give us a spread and through that margin we pay our own expenses.

**Mr. Hall:** When you borrow from the treasury is there any earmarking of where the money comes from? Supposing the Treasurer borrows in the United States or in Germany, does the loss on exchange reflect in any way what the interest rate is going to be from time to time?

**Mr. McDonald:** Our agreement with the treasury is that it's paid in Canadian dollars, and where the Treasurer gets that money is his business.

**Mr. Hall:** So he's on the hook if there's a loss on exchange and not your operation. The only expense or interest cost is the difference between his market and your lending rate, and default.

**Mr. McDonald:** Basically, that's correct. But where the government policy requires Ontario Mortgage Corporation, because the Minister of Housing controls six out of the 10 shares of the corporation because we're a limited company—

**Mr. Hall:** I notice that he's the chief shareholder.

**Mr. McDonald:** He's the chief shareholder.

**Mr. Hall:** Big kahuna.

[5:15]

**Mr. McDonald:** We go at the rate the government, through the Minister of Housing, deems to be the proper rate, such as the rental housing program at eight per cent. The difference between that rental rate and the rate we borrow from the treasury, plus a nominal administrative item, the minister pays through our estimates. So we are always required to have a sufficient spread to pay our own expenses and not call upon the ministry or the government for a subsidy.

**Mr. Hall:** Help me out on this: Your portfolio stands at \$842 million as of March 31, and on the \$842 million you are saying, I believe, that losses arising from lending at negative interest rates were \$1.81 million in the past fiscal year is that right?

**Mr. McDonald:** No, projected for this year.

**Mr. Hall:** Then it would be something akin to that, I suppose, last year?

**Mr. McDonald:** Yes, it was about \$1.6 million.

**Mr. Hall:** The part I would like to find out about is this, is any of this money that you are using a piggyback on federal money?



**Mr. McDonald:** No, sir. There are no hidden—

**Mr. Hall:** All this has come from the treasury of Ontario?

**Mr. McDonald:** Yes, there are no hidden or contained subsidies in any way within the mortgage money we have loaned or borrowed from the treasury. The difference between our lending rate and borrowing rate of that \$1.8 million is basically on the rental housing, under the accelerated rental housing program, where there was—I don't remember the exact amounts—about \$85 million put into that and it was loaned out at eight per cent. Our borrowing rate ranged from 8.75 to 9.6 per cent depending upon the fluctuation in the market place. So there is roughly a one or one and a quarter per cent differential just in that one program.

Then there were some old mortgages prior to the five-year term mortgage, 35-year amortization period, where lenders were lending money for 35 years locked in. Some of that old portfolio had a negative value on it. And that really makes up the total amount of money. Most of the new programs since Ontario Mortgage Corporation came into effect, whether it was HOME, OHAP, some of the second mortgage programme, were always on side and we were always able to make a sufficient margin to cover expenses.

**Mr. Hall:** There must be an awful lot of legal work in connection with this. I know someone has to do it. How is this handled?

**Mr. McDonald:** With the legal work we have outside solicitors, similar to Central Mortgage and Housing Corporation in the federal situation. We have outside solicitors—

**Mr. Hall:** What do you mean, outside solicitors?

**Mr. McDonald:** If I could, Mr. Chairman, solicitors in the local communities do the legal work and the builders are required to pay those legal fees. The legal fees that are charged for this service must be included in the price, not unlike that of the private sector, so that that is looked after.

**Mr. Hall:** Do they go on the tariff rates that are used for the various county law association tariff structures?

**Mr. McDonald:** Generally in single family units of small quantities that is the case; but we don't pay or expect to pay tariff, nor does the builder expect to pay tariff, on the condominium loan of 100 units. The marketplace prevails and negotiations take place. We don't however, allow the solicitor to act for both sides. We don't want any conflicts between the purchaser and the builder and we insist that that be separated.

**Mr. Hall:** Can anyone get to do this legal work? How is this handled?

**Hon. Mr. Rhodes:** I usually see that the proper lawyers are appointed—very similar to the system used by Central Mortgage and Housing.

**Mr. Hall:** I'm not a lawyer, and I didn't realize that the minister was a lawyer. I just wondered out of curiosity how the matter was resolved.

**Hon. Mr. Rhodes:** That's how it is resolved.

Interjections.

**Hon. Mr. Rhodes:** No. It is not called "pork barrel."

**Mr. Hall:** You said that you see it is resolved. For the record, do you personally decide who these solicitors are?

**Hon. Mr. Rhodes:** No. I just make sure that they have competent, highly qualified legal people from each of the various areas.

**Mr. Hall:** The fees involved—I think you might have touched on it, Mr. McDonald—which party did you say they are paid by in a transaction?

**Mr. McDonald:** In the matter of legal fees on behalf of mortgages that Ontario Mortgage Corporation grants to a developer or a builder in a project, the normal situation in the mortgage business is that the builder building the unit must pay all legal fees for the mortgage corporation so that we don't have to spend a dime. Obviously, that price is contained within the price of the house; that is really how it is done.

**Mr. Hall:** The builder selects the lawyer—is this what you are saying?

**Mr. McDonald:** No. I'm saying that the builder has to pay the lawyer's fee and that we at the Ontario Mortgage Corporation never allow the builder to select any lawyer; neither can a lawyer that Ontario Mortgage Corporation uses be the builder's lawyer, nor can a lawyer act for the builder and also act on behalf of the purchaser in closing a deal. We police this reasonably well. You get into some problems if you are in a northern community where you may have one lawyer for three or four houses acting for both sides. But in the strong marketplace it is dangerous to have both sides being worked by the same person.

**Mr. Hall:** On the discharge of mortgage—the same situation pertains, does it?

**Mr. McDonald:** On a discharge? In what respect, sir?

**Mr. Hall:** When a mortgage may get paid off, or in the transfer of title. Again, do you

have a preferred list of solicitors who are properly trained to handle this work?

**Mr. McDonald:** On a discharge, the solicitor for the seller would ask us for a discharge. They pay a \$35 fee. We give a discharge and it's the seller's prerogative to use whoever they want. They usually use their own family lawyer or they may use the lawyer who closed the deal for them.

**Mr. Hall:** You give a discharge for a \$35 fee and there is no interest charged or bonus by way of interest or any other type of bonus?

**Mr. McDonald:** No, Mr. Chairman. There is no bonus. The only thing that we require on a discharge is that it is discharged on the first day of the month, which is the normal payment date. If someone wants to discharge a mortgage next September 1, it is just discharged with a \$35 fee and that's it, providing they are not in arrears and have paid up their municipal taxes; and there are those other legal points that have to be checked by ourselves.

**Mr. Hall:** Well with the present trend, what do you see as the future activities of the Ontario Mortgage Corporation in the next fiscal year? Reduced lending activity again?

**Mr. McDonald:** Perhaps the minister might comment. We see ourselves as a residual lender, at the present time having to advance in excess of \$100 million over the next 12 or 13 months, watching the market as it develops in respect to liquidity of the lenders, the fluctuation of interest rates. The provincial government, I believe, became active in the mortgage business when the interest rates escalated to such an extent that the persons in the income brackets between \$12,000 and \$20,000 could not have the ability to purchase a unit based on the interest rates that were there. With the combination HOME/AHOP program, with the interest reduction loans, with the grants, there seems to be at the moment—this is a year-to-year thing—sufficient liquidity and help in the marketplace to allow most people to buy their own homes. But I would think that we would have to monitor this with the lenders, and of course as the Mortgage Corporation keep our minister informed as to what our feelings are for the long-range situation.

**Mr. Hall:** If there were new rental housing programs developed by the ministry that would fit in, would your corporation be a prime source of money if new programs were developed? This would be the channel it would fall in?

**Mr. McDonald:** I think, Mr. Chairman, that perhaps would be one area. I should point out that we did have an accelerated rental call about a year ago. At an eight per cent level, a 50-year mortgage, we received applications for 3,300 units. We were only able to put mortgages out for a little over 600 or 700 because economically the rents in the areas were not of a sufficient level to meet the market. We, of course, reported this to—

**Mr. Hall:** I just don't—you mean by the market that the rent receivable by a builder after the unit might have been put up wouldn't meet his costs and therefore the whole thing was not financially viable. Is that what you are saying?

**Mr. McDonald:** That was one of the reasons. The other reason was where we put out a 50-year mortgage at an eight per cent level, the requirements of the program were that it be for family housing and that the rents would be slightly below the market or at market.

**Mr. Hall:** Why do you necessarily relate it to market? Because in a new unit, of course, there is no rent control.

**Mr. McDonald:** No, except that when you are providing a provincially-funded program at eight per cent with 50-year terms, and the normal marketplace at that time was 11.5 per cent, it was felt that you served the needs of the people in those income groups who could be helped by this type of approach. When it wasn't successful from the standpoint of all the reasons indicated in our booklet, we indicated to the minister that with the market level rents in areas throughout the province where we had received applications, we couldn't put the money out advantageously. In some instances the economic rent for the project was far in excess of the market rent. We also had monitored, along with the assistant deputy minister of community development, what was happening in the marketplace for regular lending—I guess this is one of the reasons that the minister might like to comment that they came out with the grant program for rental housing.

**Hon. Mr. Rhodes:** That's exactly right. The information that we were able to put together, and the numbers we were able to gather, showed that in the building of rental accommodation the economic rents in order to carry the cost of that building were much higher than what the market rents were. It was in order to allow that particular facility to be rented in the market rent areas that required us to offer the extra funding



on top of the federal program to make it economically viable to build.

**Mr. Hall:** This didn't surprise you though.

**Hon. Mr. Rhodes:** No.

**Mr. Hall:** You anticipated this, I would assume, as a result of the temporary ceiling on rentals as it came about through the rent review programme. However, in your concern as the minister to break the wheel of circumstance where shortage caused rent review and rent review caused shortage, you had hoped that this accelerated rental housing program would be a vehicle of getting out of it, didn't you? And yet you said—I think Mr. McDonald said—700 units out of 3,300 were applied for.

[5:30]

**Hon. Mr. Rhodes:** The accelerated rental program, as Mr. McDonald has pointed out, just wasn't going to work because of the market rents as opposed to the economic rent required for that particular building. That's why we went into this next program. As we see it now, we should be able to put something like 21,000 to 22,000 rental units across the province this year through that program, combined with the federal program.

**Mr. Hall:** But even if it was an uneconomic situation for a while, it still would be the vehicle to finally produce a supply of units which would make everything economically viable, wouldn't it?

**Hon. Mr. Rhodes:** It's rather difficult, though, to say to an individual, "Go ahead and build it, even though you might not be able to make any money at it."

**Mr. Hall:** But you are in a position of supplementing it at any rate.

**Hon. Mr. Rhodes:** Not sufficiently.

**Mr. McDonald:** The ARP program of the federal government basically used private sector money to give the builder a reduction in rent levels by bridging the gap between the then 11 per cent mortgages and eight per cent mortgages, securing those bridging dollars by a second mortgage. They were successful in part of their program in certain areas, mostly smaller communities in the outlying areas of the province. Our accelerated rental programs, our calls of the year before, were successful in a major portion of the outlying areas of the province and in a few areas in the Toronto marketplace.

It was felt that the combination of the reduction loan and the grants would bring the rent levels down to a level that would meet that market. We were very surprised when

we received the proposals in our proposal call because, with the cost of construction and the cost of land, even at the eight per cent mortgage level, particularly in the very large community areas, the economic rents needed to pay the expenses and to allow the builder, in some instances, five and a half per cent—I think the maximum I've seen is 7.8 per cent, and his investment was only the five per cent equity he was required to put in—were such that it was just uneconomic to build. We have found, though, with the grant program, that we are able to get down further in the range of rents, getting closer to market.

**Mr. Hall:** The size of unit that did not work out to be economic was to what standard; a federal standard or just choice, judgement or what? Was it the number of square feet in a unit?

**Mr. McDonald:** Yes, the normal appraisal standard based on an individual marketplace. They're not any smaller or any larger than normally would be available in the marketplace in any given area.

**Hon. Mr. Rhodes:** I just want to correct some numbers I gave a few moments ago, Mr. Chairman. I added two numbers together and I shouldn't have.

Under the assisted rental program and the Ontario program piggybacking with the federal government program, we expect the total will be closer to 16,500. I said around 20,000 because I added the Toronto figure to the total, but it was already included in the total.

**Mr. Breaugh:** I read with some interest this section of the information we have, was particularly in view of the last campaign where there was a lot of discussion about nationalizing this, that and the other thing and how we as a province really cannot afford to do a number of things. Yet, when I look at this, I see some rather impressive numbers here—almost \$1 billion put into the housing industry by the end of 1978. It strikes me that while we are perhaps not "nationalizing" the housing industry, at least it's creeping socialism if not outright socialism. It's a rather strange number.

Looking at some federal reports which indicated that for the year 1980 the federal government is looking at something like a \$2 billion subsidy into the housing interest, I'm wondering—not being against nationalization, socialism or anything like that—who is benefiting by this particular program, because this is a rather substantial investment and will continue to be. It seems to be now, the one upon which the ministry through this agency



is pinning a lot of its hopes to solve some housing problems.

In the ministry's view and in Mr. McDonald's view as well, since he deals with a little more day-by-day stuff, is this almost a socialized form of housing approach? Is this system really benefiting those who need it most, or is this massive subsidy program really benefiting the industry? I'm not saying that's necessarily a bad thing?

**Hon. Mr. Rhodes:** Let's take the program that we just brought on—the \$600 piggyback. That is benefiting the people who will be renting those units, because it is a subsidy or grant related directly to the price which will be charged for those units. That is going to the consumer, not to the builder. I would say, yes, the program is aiding those who need the assistance, because it brings the price to where they can handle it.

**Mr. Breaugh:** Let's explore that. Let's look at the factors that go into the price of a unit, either a rental unit or a sale unit. Let's indicate whether the government moved, as it did obviously in this program, to subsidize something at existing market rates. In other words, you let the market float around, then come up with a number at which things can be put out for sale or for rent; then you move to subsidize, so that ordinary people, or people who need some kind of assistance, can afford to get into that marketplace, which is the aim of the program—as opposed to a number of other moves that could have been made but weren't. Are you really helping those people who get into that unit, as the minister just said, or are you feather-bedding? Are you subsidizing an industry which doesn't justify the subsidization?

**Hon. Mr. Rhodes:** I don't think we're subsidizing the industry.

**Mr. McDonald:** I really can't comment on one side of that but, looking at the prices in the home ownership field of construction that are coming in for these units that we're mortgaging, the profitability for the contractor is quite skinny. Looking at the rental units in the private market, taking Hamilton and the Peninsula area as a whole, the number of foreclosures by private mortgage companies and government agencies that have taken place in the rental area alone, taking the buildings off the builders, would indicate that the cost escalation in the past three and a half years had affected the marketplace. Everyone is getting hurt by it—in the construction area.

**Mr. Breaugh:** I might agree with portions of what you just said in that I wouldn't doubt that the person who actually constructs the

unit and puts it out for sale, may not be making a large amount of money. In this instance the individual contractor, or company is a different soul to the individual who bought that property 20 years ago. But what of those instances where development corporations—through a number of other arrangements they might have in the corporate sector—bought property some time ago and held on to it for a long time and now choose to develop it, using one of the subsidy programs? Is that a sensible way for us to spend people's money?

**Mr. McDonald:** In the mortgage money that we put out, it is not a subsidy program in our view. Most of the mortgages that we have put out in the marketplace, with the exception of the rental area, have been put out on land owned by Ontario Housing Corporation and the ministry. Those lands were put out at the low market, secured by second mortgages, lower down payments and long-term areas.

As far as the rental housing area is concerned, where the eight per cent rate was deemed to be correct in the marketplace, I don't have any personal knowledge of any specific corporation which held land for 20 years or five years. But I do have specific knowledge that the margin of profit for that builder who was building those units and offering them for sale in the marketplace was in most instances not only skinny, but he had great difficulties—looking at his profit and loss statement a year later—to make any money whatsoever, primarily because of his costs. I couldn't comment on the corporate entity of land speculation in a given area but almost without exception the mortgages that we have in home ownership are done on government-owned land where that was offered at certain rates.

**Mr. Breaugh:** But in those areas of the program where we do deal with the private sector, and there are substantial amounts of those—is not who gets the mortgage money a factor in your consideration?

**Mr. McDonald:** My factor in consideration of who gets the mortgage money is what is the best rent rate I can get in a given area with a builder who can complete the project and offer rents in the marketplace that will serve well the people in that area, namely 25 per cent of the building for persons subsidized by the federal, provincial and local municipal governments, and the other area for persons whose gross debt service—in effect rent levels—is up to only 25 per cent of their income. If they get beyond that area by about 10 per cent, then they have to get out.

**Mr. Breagh:** I don't have any difficulties that other free-enterprise people might have in either intervention.

**Hon. Mr. Rhodes:** I am sorry, did you say "other free-enterprise people"?

**Mr. Breagh:** Yes. We are all free, and we are all enterprisers, I hope.

**Hon. Mr. Rhodes:** You certainly are.

**Mr. Breagh:** I don't have any trouble with any form of intervention on the government's part or even subsidization. What does trouble me though is whether it is effective. Does it collectively take public funds and move effectively either to control the price of a unit—to sort out those people who might be the contractor or the last guy in who doesn't make very much money, and to distinguish him in some way from those people who bought and held land for some period of time? It may be true they are not making very much money in marketing the unit, but they are making a pile of money by sitting on that land for some time, and it disturbs me somewhat that you don't consider that as being a factor when you put that money out.

**Mr. McDonald:** I think, as a whole, unless you are looking at very large tract builders who have bought land many years ago and are constructing that themselves, which is another problem, most of the builders in the HOME program who built on government-owned land are without exception medium and small builders, or the larger builder who has a project going on in a certain area and can afford for his overhead to quote on the 80 houses. When you get into the smaller areas in the community of Kingston, Belleville—

**Mr. Breagh:** It is not as if Kingston was a big city.

**Mr. McDonald:** Well, as compared to the Toronto marketplace, the price of lots is really governed by the supply. If someone was fortunate enough to have bought acreage within Kingston many years ago and could hang on to it and didn't have to borrow the money from the bank to buy that—yes, he could make a profit.

[5:45]

Most of the people operating in these areas and operating in the Toronto marketplace, with some exceptions, are persons who have purchased a group of lots and usually don't have more than 10 per cent cash to buy those lots. They finance the purchase through the bank and in the last three years the bank rate was about 11 per cent. With raw land servicing cost they are probably borrowing

at two points above the bank prime. If they go beyond 18 months without turning that unit around, in a marketplace where you have inventories in this watershed of 12,000 to 20,000 units, or he has a slowdown in sales and he hasn't gauged the market correctly, then he gets burned, as are a lot of builders in the Toronto marketplace at this moment.

I'm not a defender, Mr. Chairman, of the builder; I'm answering the question of what is happening now. I can't comment, though, on a private corporation which owns 5,000 acres of land and bought it at a certain price, what carrying costs are buried in the stock of the company, and whether the shareholders are collecting any dividends or what they can write off. I don't have any knowledge of that, but the ones we are using, the people we are financing, to the best of my knowledge, almost without exception, are the medium and smaller builders who are not large corporate Toronto Stock Exchange landowners.

**Mr. Breagh:** Are you concerned that the program is—I want to touch on a point that you brought up a little earlier—flooding the market in particular areas of the province, and in particular that it's having some rather bad effects from a number of points of view, and what kind of things are you thinking about that might rectify that?

**Mr. McDonald:** I can't comment on the rectification. I can comment that wherever in a marketplace there is an intrusion in the marketplace by any factor—whether that is oversupply, government grants, government subsidies, overbuilding, attracting persons to home ownership who have not been home owners but more apartment dwellers—wherever you interfere with the marketplace you can cause an upset.

Sometimes some people argue that this upset from time to time has benefit, it shakes things up. However, if you take a look at the federal AHOP program, interest reduction from 11 to 10½ per cent down to eight per cent, and another \$750 grant by the provincial government to assist a person who might normally need \$14,500 to buy that home, they are allowing him to move into the home, to have pride of ownership at \$9,500 and that person isn't very prudent, there can be problems in the marketplace and you can put pressure on the rental unit market.

In some areas, the rental unit market perhaps needs some of that pressure so that the vacancy rate will become larger and therefore the supply-and-demand theory of rents will be more competitive, but if you get into any area where the population is 200,000 and



down and cause an over-stimulus you can have had problems.

**Mr. Breaugh:** One of the concerns that I have is, accepting all the principles that are involved here, what is the end result and is it effective? In my judgment, at least in my area in particular, in the Durham region, it is probably not as effective as it might have been and I do see several side effects that are damaging from a number of points of view and may be even counter-productive.

Part of the problem I am seeing is this flooding effect in a couple of ways; one is, the flood is coming in one particular form, essentially condominium-type units. They are not really the greatest design of things, for one thing, and there are a lot of problems for someone who wants to re-sell a condominium. You see the one across the road, a big sign about subsidy and mortgage and gift and a side of beef and everything is there, so he now has to try to compete in re-sale terms.

There has been a real downturn in that particular aspect of the market in my area. It is causing real problems for somebody else who maybe bought one a couple of years ago when all these goodies weren't available and they are having a tough time putting them out. I see problems in the types of units that are available. I see problems for those people who are trying to resell, because they are, in effect, competing with the government of Ontario and it's damned tough for them to do that. They are having some difficulties with it.

**Mr. Hodgson:** What's wrong with that? That's what we're trying to do.

**Mr. Breaugh:** I hope the downswell is going down. I want to kind of put that in the aspect that that maybe in the end is not really good for the consumer either, because they are buying into that thing. If they were buying a good unit, if they were buying something that was worthwhile for them from all points of view, they would be happy with that, without question. It is not quite turning out that way. Though it might have been a desirable goal initially, it doesn't seem to be working out quite as neatly as we all would have wanted it to do.

**Hon. Mr. Rhodes:** Interestingly enough though, I won't comment on the Oshawa-Durham area—I recognize some of the problems that you are talking about—but if you go the other way, go to Hamilton, where we have gone in and developed under government programs a variety of units, not the condominium, but we've put in the HOME projects, singles and semis and what have you in the area under government programs, as well as

assisted housing for families and for seniors, then you have the situation that I thought was one of the things that we all said at least a year or so ago was a very desirable thing, and that is a vacancy rate of 4.3 in rental accommodation, and a lot of concern among the owners of those particular facilities that have these vacancies.

**Mr. Charlton:** The problem with the vacancy rate in Hamilton, though, is distribution. It's 4.3 average across the city but in some areas of the city it's quite a bit higher and in other areas it's quite a bit lower. The east end of the city is having a real problem right now with its vacancy rates, or so I understand.

**Hon. Mr. Rhodes:** I can't play neighbourhood to neighbourhood, I've got to look at it from a community point of view as to what is the vacancy rate in the area and the number I have now is 4.3 and, as I say, I'm getting a fair amount of feedback and saying, "Take your government programs and set them up somewhere else."

**Mr. Breaugh:** All of this kind of speaks to that point that I want to raise here—is the program effective, does it do what it sets out to do, and in the end does it really serve the common good?

**Hon. Mr. Rhodes:** In Hamilton it did what it set out to do, and that was to increase the vacancy rate or make available rental accommodation, hopefully in a competitive way, so that the market rents might start to come down.

**Mr. Breaugh:** It would appear that that good end product in one area of the province was probably by accident as opposed to being by design, because you used these same programs and came out with the wrong product in another area.

**Mr. McDonald:** Mr. Chairman, I think up until the fall of 1975 we had the HOME program, provincially owned land, whether mortgaged by private enterprise or Ontario Mortgage Corporation, and orderly developed units for people at certain income brackets. The federal government entered the low-cost market in home ownership in the fall of 1975 with AHOP. They came into the marketplace because the interest rates were escalating at a very high rate. When they came into the marketplace they said that if we give AHOP grants secured by a second mortgage to bridge the gap between the 10.5 to 11 per cent down to eight per cent you couldn't build a house in Durham more than \$47,000, and Hamilton, \$39,000



or \$43,000, and this area was one of the areas predominantly being served by HOME.

The federal government's move into this market forced the marketplace to build houses in that area and therefore flood that market area. Many builders, if you'll recall, in 1975 were creeping up in their sale prices. You couldn't buy a single-family house other than HOME for \$54,000 in most areas, and everyone saw this moving up to \$58,000 and \$60,000. When they moved into that area the builders were in a bit of a quandary because they had very high inventories, not in Toronto particularly, but in other areas, of houses in excess of \$52,000 to \$54,000 and had to turn around very quickly and build houses to conform to the AHOP rate.

When the federal government then came out with the \$750 grant in the revived AHOP program in 1976, this accelerated the problem for the builder in order to make him build more of those units, and with those two interventions in the marketplace he had this creation of vacancies, sales, et cetera. In some areas there is no doubt that certain consumers have a problem in selling the units, but most of the customers who are selling those units are selling the units prebought before AHOP.

They have bought houses at \$52,500 or \$53,000, let's say, in the Durham area, at five per cent down or maybe  $7\frac{1}{2}$  per cent down. They are now having to sell that unit, hopefully at a margin of profit for themselves to cover their legal expenses and so on, and all around them there are \$43,000 to \$47,000 units that are at an eight per cent level and that gives them a bit of headache. I guess the federal program was designed to stop the mobility and the price escalation by the resale of houses and, therefore, everyone is on the inflation bandwagon and makes more money.

**Hon. Mr. Rhodes:** Just as an aside on this, it is very interesting in that I can recall being in the Legislature a little less than two years ago and having a great deal said to me, both in the Legislature and here in estimates, that I should be doing something to drive down the price of land, that this was a great problem as far as affordable housing was concerned. Nobody denies that that certainly is a large component, but what you suddenly recognize in perhaps a different way—I shouldn't say suddenly, I don't mean it to sound that way—but what you are drawing to our attention in a different way, is exactly the problem I'm faced with when you say "drive down the price of land."

If you bring more land on to the market and you drive down the price of land, you

make the very same people whom you're talking about very unhappy, because the person who sees the value of his house at \$60,000, and I have now through a government action driven it down to \$50,000, is less than enthusiastic about the fine action I've taken on behalf of society.

**Mr. Hall:** And the mortgage lender.

**Hon. Mr. Rhodes:** And the mortgage lender is not overly enthused either. You have just identified it again in your own area as you related to condominiums. You've got one condominium on one side of the road that didn't have this government intervention or assistance, call it what you will, and on the other side they have it, and there are unhappy people, very unhappy.

**Mr. Breaugh:** I think again that the pertinent point, though, is if you have done things which provide for that good mix in terms of various types of housing that are available, if you've allowed most income groups to be able to participate in that field we'd all be pleased with it. Where you have created an imbalance, as you have in Durham, with that flooding process, then the end product rather runs against whatever you might have done. No matter how much money you spent, no matter how you drove the price of the units down, the end result is not desirable. I think it's a fine-tuning argument that I'm making. It's not a blatant philosophical thing.

**Mr. McDonald:** I think, though, we have the same problem as a mortgage company putting out 10½ per cent mortgages in Durham in a condominium, and at that rate, when the market was 12¼, it was a good rate and the person who bought it was very satisfied. Around the corner now the same type of outfit is built with mortgage moneys supplied by trust company or bank with an AHOP programme and they're offering those units at about the same price that our units were offered with an eight per cent mortgage rate, so the person who wants to sell the unit that we've mortgaged is having some difficulty. I think this is one of the hazards you have by intervention.

**Mr. Breaugh:** Yes, we're having the discussion about whether the intervention is effective and achieves a desirable result and I'm saying that certainly in that area it did not, and that there are problems which I think you could have seen had you been more selective in the implementation of the subsidy program.

**Hon. Mr. Rhodes:** Subsidy program? I don't understand.

**Mr. McDonald:** Ontario Mortgage Corporation really had nothing to do with the

subsidy program. Our mortgages were straight mortgages at specific rates.

**Hon. Mr. Rhodes:** You've lost me, now, when you say "more selective in the application of the subsidy program."

**Mr. Breaugh:** If you say you have achieved desirable results in Hamilton—and I accept that, in that area, okay—now that should have been by design. You have taken the same kind of programs and policies and spent the same kinds of money, I take it, in another area, and achieved an entirely contrary result.

**Mr. McDonald:** In Hamilton you had a massive construction, for its size, of AHOP units, general HOME units, and rental hous-

ing. In the Durham-through-Oakville area, you had a massive intervention of AHOP/HOME units, regular single-family HOME units and very little rental housing. I understand the grant program is introduced to help stimulate units in the marketplace to bring this balance back, because rental housing in the Toronto watershed has not been built at the rate that it has been in the Hamilton area or in the Ottawa area. That's the major difference between the two marketplaces. Where the 4.3 per cent rate was achieved in Hamilton, it wasn't achieved in Toronto, because that rental construction was not there.

The committee recessed at 6 p.m.

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 McDonald, R. M., General Manager, Ontario Mortgage Corporation  
 Wronski, W., Assistant Deputy Minister, Community Planning









# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Policy Committee**  
Estimates, Ministry of Housing



**First Session, 31st Parliament**

Wednesday, June 29, 1977

Evening Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC

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# LEGISLATURE OF ONTARIO

WEDNESDAY, JUNE 29, 1977

The committee resumed at 8:13 p.m.

## ESTIMATES, MINISTRY OF HOUSING (continued)

On vote 2105:

**Mr. Breaugh:** I want to go back to another kind of interesting thing I came across in dealing with the number of condominium projects that were in whole or in part financed by the mortgage corporation. I found an interesting problem on condominiums. When there are difficulties—when units are being defaulted, when there is difficulty with repairs, when the management corporation isn't doing its job properly and the thing isn't registered—when there are some grave difficulties, one of the things that was put to me was: Why don't the people who provide the mortgage money for such projects take a more active role? It struck me that was an interesting question. Why don't they? Seeing as how you make the investment in the project itself, why don't you participate in the improvement and the development of that project, at least until it's registered and probably even thereafter?

8:15]

**Mr. McDonald:** Generally speaking, Mr. Chairman, under the terms of The Mortgage Act and under the terms of the legal avenues we have to follow, Ontario Mortgage Corporation has generally to act like another lender.

We have from time to time, as other lenders do, many severe and tough meetings with tenants awaiting occupancy or buying units, as well as the builders. Generally the problem encountered in the registration of a condominium is kind of three or fourfold. The builder tries to reach a certain stage of construction in order to register along with the sales. Where the sales equal 50 to 60 per cent of the total project and the condominium corporation structure reaches 95 or 100 per cent, usually the registration of the condominium gets done rather quickly. When the condominium doesn't sell out, or only has 25 per cent potential sales or 20 per cent potential sales and the unit is finished, and the builder has to take over certain maintenance responsibilities in the operation

of the condominium corporation, we of course, as a mortgage company, try, wherever possible to force him into that position.

But where there are sales problems and construction problems, or where the construction is 95 per cent to 100 per cent and the sales are very minimal and there is no one, really, to form a condominium corporation as such, it lags. We ourselves, as well as other lenders, have had several problems in this regard. I guess there was one in Durham, in your area, where we had to actually foreclose under a power-of-sale action, not foreclose but take a power-of-sale action. We took a very active interest in making sure the 14 tenants awaiting closing of sale received back their money that they had deposited and had ample time to find other accommodation, we took great pains in doing this.

The other area, where occupancy has been completed for a relatively long time and registration hasn't occurred due to legal reasons or a holdup for some other reason, it's rather difficult to force certain things to happen, except to withhold financing draws, which every lender does. It's really a big stick threat. It's a competitive relationship between the mortgage company which has an investment and a builder who is making a profit, to protect the interests of those borrowers who are going to be with you for 35 years or five years.

We, of course, always try to make sure, perhaps from a selfish reason, that the borrower who buys the house is reasonably satisfied so that we have over the five-year period, the first term of the mortgage, someone who is willing to pay their mortgage payments every month and doesn't have an on-going bad taste in their mouths.

Dealing with a lot of condominium corporations and different personalities among the builders, this sometimes is difficult. On the other hand, dealing with the directors, say, of the condominium corporation just being formed, people who sometimes don't have knowledge and intimate relationships in finance and in managing ability, we have the opposite problem where the condominium corporation directors, after registration, think that the maintenance, instead of being

\$85 a month, should only be \$65 a month and they shouldn't have to put up a replacement reserve for the fridge and the stove and so on. So we have both problems.

We try to send our personnel out whenever necessary, or when we think there is a need, from our side of the situation, to explain both sides. We do, from time to time, have some pretty tough meetings with the developers as well as the potential directors of the condominium corporation.

**Mr. Breagh:** But where you have made the investment in the building, how do you satisfy yourself that the construction of the building is satisfactory?

**Mr. McDonald:** We have an arrangement. Prior to insuring our loans under The National Housing Act, the Ministry of Housing inspection team, an engineering team inspect the project, in relation to high-rise condominiums or low-rise condominiums, on a regular basis, based on the regular inspections necessary. Under the law, we as a mortgage company must accept clean inspection or hold back moneys in lieu of a mechanic's lien action, or unsatisfied completion of the building.

Under The National Housing Act, Central Mortgage and Housing Corporation, with its team of inspectors, because it insures the dwellings, inspects the dwellings to the point of completion under the law so that we can advance their moneys. If the builder doesn't put the carpet in the unit, or the stainless steel sink or the toilets; or doesn't complete the landscaping, the Corporation will hold back certain moneys. We are, of course, required to hold back certain moneys. Where the builder has certain interim financing, usually with chartered banks—they have floating debentures on the property although they are not fixed to the property—we endeavour to make sure that those floating debentures are taken off the property so that when the legal counsel for the purchaser closes there will be no encumbrances that can come down against the property, nor preclude them in the future from selling the property.

I would say that 50 per cent of the problems we have in running a mortgage corporation are in the area of 95 per cent completion—closing the sale, making sure that the purchaser has clean title and that there are no difficulties hiding in the woodwork that would give us a problem in respect to our long-term investment.

**Mr. Breagh:** I take it, then, that you are satisfied, by and large, with the construction of the buildings that you finance.

**Mr. McDonald:** If we weren't satisfied based on the inspection reports that we receive from our agents or one group which insures the project, we wouldn't advance.

**Mr. Breagh:** Let's get a little more concrete than that. How many times would your agents inspect one of the projects that you finance?

**Mr. McDonald:** I think you would probably have to break that down to several areas. A single-family dwelling, which is a kind of stick construction that goes up in four or five months, the agent would look at it at the foundation level and backfill level. He looks at it at the roof level, the plaster level and the finishing level.

**Mr. Breagh:** Are you saying you have four inspections?

**Mr. McDonald:** Yes, basically. There may be five inspections, depending upon the type of construction; that is on a single-family dwelling. But when it comes to a condominium corporation low-rise, of let's say 150 units, the construction is a group of units attached together and they would inspect those units sometimes twice a month, three times a month; and the progress of construction during that month may be only five per cent. The builder may not have an inspection for a construction draw, but we would generally have an inspection to let us know what progress was being made on the building.

When it comes to a high-rise condominium—and this is normal with the other lenders—it may be 18 or 20 stories and it takes perhaps 18 to 22 months to construct and sell out. Whether it is under The National Housing Act, with NHA inspecting on our behalf or another lender's behalf; whether it is a private insurance agency like MICC Investments; or whether, as was the case two years ago it was our own inspectors, they would be inspecting right from the digging of foundations to the putting in of foundations, straight up to the completion of the project. Usually, the major difficulty with builders is in the area from 95 per cent completion to 100 per cent completion, where they are finishing off the building and where their cash flow is reaching a limit. If they are not selling out that project, that is the most difficult period in inspection and advancing of money.

Generally speaking under The National Housing Act, with high-rise condominiums we are usually getting a mortgage draw inspection each month. The CMHC inspector is usually in, officially, twice a month; but in very large projects he might be in there



once a week. They keep a log on it and we can call for the log.

**Mr. Breagh:** So you are reasonably satisfied, then, that from a construction point of view you have sufficient inspection so that you will not get yourself into a poor investment?

**Mr. McDonald:** I think we're reasonably sure, based on what is happening in the marketplace coast to coast in Canada, that to the best of our knowledge we have a reasonable investment in the \$1 million worth, or \$600,000 or \$700,000 we have out in first mortgages. Where we haven't satisfied ourselves that there is a reasonable investment we have withheld the money and got ourselves in some difficulty with the builders and their legal counsel. But we felt justified in holding back this money because specific things weren't done in the building for us to advance the money.

We've actually proceeded in a couple of instances where builders have gone bankrupt, we proceeded on our own account, to the extent of the money we withheld as a mortgage company protecting its investment, to move into the property and correct those deficiencies to the extent of the money we had in our possession.

**Mr. Breagh:** Are you satisfied, as well, that in those condominiums where construction is finished but it is not fully occupied or not fully sold, and you are probably the biggest single investor in that site for that period of time, that you participate actively enough to ensure that your investment is safeguarded?

**Mr. McDonald:** Where we get into a situation with almost 100 per cent completion with 40 or 50 per cent occupancy because of a slow sales period for six or seven months, over and above the ongoing inspection of CMHC we have our mortgage underwriting people go in there regularly. We do not advance to the builder the total amount owing to him, we have a 15 per cent holdback that he gets when the sale of the unit is complete. We're always holding money in respect to the sale, so if anything did go wrong or something didn't happen, five or six months later we would have the leverage to negotiate with them to make sure that that specific thing was looked after.

**Mr. Breagh:** An interesting little thing was brought to my attention, I believe in the Malvern project, where a subcontractor was left hanging on the vine. He had paid out on the money you had held back and he was kind of out there. I believe he corresponded

with the minister at the time and the minister said, "Gee, that's tough."

**Mr. McDonald:** I don't recall the specific instance, but subcontractors are vulnerable in the system of construction. The law provides that if a subcontractor does not get paid for services that he has performed on behalf of a contractor he has the right to place against the property a mechanic's lien within 37 days. If he puts a mechanic's lien against the property, we cannot advance the mortgage funds without satisfying ourselves that the lien is to be removed and the subcontractor is satisfied, otherwise we pay that money into court in lieu of satisfaction. We are not allowed, under the law, to advance that money. If the builder, through a long-term association—I don't have any knowledge of this Malvern case, actually—

**Mr. Breagh:** I believe the builder in question went out of business.

**Mr. McDonald:** Yes. If the builder has had a long-term association with a subcontractor and has been able to forestall the mechanic's lien action, and the builder hasn't put a lien against the property, and we, as a mortgage company, to protect our interest have to finish the building, we cannot really finish the building unless we take legal action in the court, either through foreclosure or power-of-sale, which really wipes the lien holders out; as well as any creditors other than secured creditors—secured creditors being the person who owns the land. If the builder owns the land, of course we wipe him out. If there are lien holders on the property—or unsecured creditors, such as the bank, who are not secured to the property—and we go for a power-of-sale action or foreclosure action, if they don't redeem our investment they are finished. At that stage of the game it becomes a very ruthless type of business. But under the law, each subcontractor has the right, if not paid within 37 days of completion of the project, to lien the property, and a great many do.

[8:30]

The usual problem is where a contractor has been dealing with a subcontractor for five or 10 years and has had no problems. It usually ends up with a plastering contractor, or the sodding man, or the painting man; the contractor will indicate to that person, "Well, don't worry. I've got the money. My last draw is coming. Don't lien the property so I can get my last draw." And that's usually where the problem happens.

**Mr. Breagh:** I believe those were pretty much the circumstances here. The guy was making the argument that even though he



didn't make as much money on projects where you saw the trillium outside, they were generally more stable and you didn't get clipped as often. But on this instance, apparently he did get clipped. He accepted the guy's arguments and first thing you know, the guy was gone and so was his chance to put a lien against him.

**Mr. McDonald:** I would think, generally speaking, from the advances that we have done in all our construction, that's basically the case. But a subcontractor must protect himself under the law. We can't. As a mortgage company protecting our investment, we make sure that those persons who have purchased the house can live in safe comfort. We will use money left over to make sure that that unit is fixed up. Those people doing business in the marketplace who haven't protected themselves under the law for whatever reason are vulnerable.

**Mr. Breaugh:** That's a nice way of saying it.

I want to discuss just a bit the accelerated rental housing program and all the things that it's going to do this year. I think you said this afternoon that you expected some kind of a statement at the end of June on your various programs and whether they had accomplished what they'd set out to do for the first six months.

**Mr. McDonald:** I would think as far as the accelerated rental housing program is concerned, Ontario mortgage is not active this year. The federal government under the ARP program is actively soliciting private lenders and builders for the construction of rental accommodation in Ontario. The Ministry of Housing has brought forward the rental construction grant of \$600 a year to allow developers in the marketplace to bring on rental accommodation with fixed return on investment, especially in the Toronto area, down to market rates.

The ministry and the minister have been monitoring progress. As far as the home ownership in respect to the HOME lands is concerned, this is being monitored by the assistant deputy minister of community development, along with ourselves, who have some relationship with the lenders. Quarterly we take a look to see if the lenders are coming through with sufficient money to finance those home ownership programs.

At the present time, on each call that has gone out, save and except one, the lenders have come through with the money, the builders have quoted on a job, and construction is generally underway. We try to monitor that process quarterly. We do it

every month, but quarterly we re-examine what's happening and then have some discussions to make sure that we have a good finger on the pulse of what's going on in the marketplace.

**Hon. Mr. Rhodes:** I wonder if you're interested in some numbers that have been projected. Central Mortgage and Housing are administering the program and administering it from their own ARP program, as well as the combined programs involving our rental construction grant. I'll just give you these numbers.

In the Toronto area they're expecting between 4,000 and 5,000 rental units—and that is simply in Metro Toronto. In Barrie, 400; Hamilton, 1,200; Kingston, 1,100; Kitchener, 800; London, 2,500; North Bay, 230; Peterborough, 545; Oshawa, 500; Ottawa, 2,700; Sault Ste. Marie, 175; St. Catharines, 500; Sudbury, 238; Thunder Bay, 650; Timmins, 169; Windsor, 1,100.

**Mr. Breaugh:** How does that match up with your initial projections?

**Hon. Mr. Rhodes:** Well, that's just about right where we were looking at it. We weren't too sure of what sort of take-up there would be across the province because of the varying needs and what was happening in some of the smaller communities—in particular, I suppose, communities in areas in the north. That shapes up to just about what we saw in the Toronto area.

**Mr. Breaugh:** Okay. Now, would you clarify for me what you mean by projections?

**Hon. Mr. Rhodes:** These are the commitments, where people have applied to Central Mortgage and Housing, to get on with the construction of these particular units in these various centres.

**Mr. Breaugh:** I recall some discussions we had about your estimates for new units which that program would produce in Toronto this year. What about those?

**Hon. Mr. Rhodes:** At that time I think I said between 4,000 and 5,000 units.

**Mr. Breaugh:** Do you think they will be here this year for rental accommodation some time?

**Hon. Mr. Rhodes:** The construction of these units will start in Metropolitan Toronto this year.

**Mr. Breaugh:** How many will be available for rental this year?

**Hon. Mr. Rhodes:** I can't tell you that. I don't know, because I think Mr. McDonald

said earlier they're building high-rise buildings.

**Mr. McDonald:** Most of the apartments in the Toronto marketplace are a minimum of 150 units up to 375 or 400 and the construction period would take from 14 to 18 months if they are very lucky, or upwards of 20 months.

So you would probably be looking, if some would get into the ground this year, rentals in September, October, November of next year in these highrise buildings.

**Mr. Breaugh:** That was our argument, whether that particular move would have any effect this year. That's why I wanted to make definitive what we mean by projections. Are we talking about things that have gone through the process to some particular point and with this kind of financing could become real in the late quarter of this year or next year?

**Hon. Mr. Rhodes:** No, the program started early in March and we made it clear that this was for new construction. We weren't going to apply the program to buildings that were already committed and under way.

**Mr. Breaugh:** That's why I couldn't understand at that time how it would have any effect on the market this year.

**Hon. Mr. Rhodes:** In the actual provision of units to move into, no. I guess I just assumed it was taken for granted that these units, starting some time after March, would not be ready in the calendar year 1977.

**Mr. Breaugh:** Okay, I think I would like to leave it at that point.

**Mr. Eaton:** I just had one question I wanted to ask about the board of directors. How often do they meet?

**Mr. McDonald:** The board of directors meet twice a month. It's usually the first Thursday and the third Thursday of each month at 60 Bloor Street, the 11th floor boardroom. We have seven directors of the corporation.

**Mr. Eaton:** What's their term of appointment?

**Mr. McDonald:** They are staggered one, two and three years with a rotation basis. There is an annual meeting of the shareholders every August and the chief shareholder of the corporation attends there. We also have, at least three or four times a year, a meeting with the shareholders of the corporation and the directors and the management of the corporation to talk over and discuss mutual problems of interest.

**Mr. Hall:** There are many from time to time?

**Hon. Mr. Rhodes:** Oh, overwhelming, at times.

Vote 2105 agreed to.

On vote 2103, community development program:

**Hon. Mr. Rhodes:** Mr. Riggs, who is the assistant deputy minister for community development, will be the source of all expertise for this particular vote.

**Mr. Hall:** How are things in North Pickering, Mr. Minister?

**Hon. Mr. Rhodes:** Very nice. I was out there not too long ago. The weather has been good and things are looking very well.

**Mr. Hall:** What is the status of current settlements and inquiries and what have you?

**Mr. Eaton:** That's vote 2106.

**Hon. Mr. Rhodes:** Oh, you would pick the wrong one.

**Mr. Chairman:** Page 154.

**Mr. Eaton:** What's that? That is not vote 2106.

**Mr. Hall:** It says, "Legal and appraisal services required in relation to the Ombudsman's inquiry of North Pickering project land acquisition practices," on page 154.

**Hon. Mr. Rhodes:** Mr. Chairman, the hon. member, Mr. Hall, is right on.

**Mr. Hall:** As I was saying, this \$800,000 seems to be a staggering amount of money for the progress that has not been made in the resolution of the problems that visited us last August, I guess it was.

Seriously, my point is that I understood the inquiry had been temporarily stopped from proceeding and is not yet resolved. Is this the case?

**Hon. Mr. Rhodes:** The hearings resumed yesterday under the chairmanship of Mr. Justice Donnelly, chairman of the three-man commission that was established to hear the complaints that had been expressed by the various property owners. Since the time the agreement was reached between myself and Mr. Maloney, that was accepted by the select committee, recommended to and accepted by the Legislature as a method of handling these particular problems, there has been considerable legal gymnastics played by various and sundry lawyers which have resulted in a number of delays that could not have been anticipated, certainly by myself, not being a lawyer, and I'm assuming not by Mr. Maloney, he being a lawyer.

As we stand right now, the solicitor for the complaining property owners has decided he doesn't want to appear before the com-



mission, so he has withdrawn from before the commission and taken his clients with him. Mr. Donnelly, I believe, yesterday indicated that each of the complaining property owners who were to appear before the commission will be advised that the commission is prepared to sit and hear their complaints and will invite them to attend when the sittings resume in the fall.

**Mr. Hall:** If this person has taken his clients out of the ball game, does he have another course of action to follow?

**Hon. Mr. Rhodes:** From what I've read in the press, he has requested Mr. Maloney to reopen the investigation of the cases of the property owners who are his clients and on whose behalf he was appearing before the commission. He has asked Mr. Maloney to reopen the investigation, and Mr. Maloney as I understand it from reading the paper had indicated that he doesn't know whether or not he's in a position to reopen the investigation, taking into consideration the agreement that he and I reached back when the matter was before the select committee.

**Mr. Hall:** Did David Humphrey resume his position there?

**Hon. Mr. Rhodes:** No, I don't believe so. No, Mr. Humphrey resigned from the commission. He has been replaced.

**Mr. Hall:** Dealing with vote 2103, I have to go slow here and see what questions come to mind. Frankly, your circumstances seem to be in a bit of a state of change I gather, Mr. Riggs, in that the programs of earlier years are being re-evaluated, you're not purchasing land and you're possibly building in the other direction and contemplating the sale of land. Does this also come under the same program? Will you enter into that?

**Mr. Riggs:** We have pretty well stopped purchasing land since in the majority of the urban centres we have holdings. Rather than purchase lands, we have placed regular funds, in terms of the OHAP program, in the servicing in order to ensure that there are an adequate number of serviced lots in all municipalities, particularly in the OHAP designated urban centres, which basically are in what we would call the Toronto-centred area.

**Mr. Hall:** I'm talking about item 3 there primarily, are you?

**Mr. Riggs:** Yes.

**Mr. Hall:** Four and a half million dollars.

**Mr. Riggs:** Actually it reverts back to the community planning area, where there are some \$63 million in interest-free loans to municipalities which were for servicing. So a great deal of the funding is now going into

servicing as well as the OHAP program, which in itself was an attempt to speed up the planning process to ensure that there were serviced lots.

[8:45]

**Mr. Hall:** That's back in the community planning loans for regional municipal public works of \$42-odd million. This is part of the area funds—

**Mr. Riggs:** Interest free loans?

**Mr. Hall:** —yes, that you are administering?

**Mr. Riggs:** No, I am not. That is Mr. Wronski.

**Mr. Hall:** Does that relate to this vote?

**Mr. Riggs:** No, it does not. The emphasis has been on servicing in the last 18 months to two years. Rather than the acquisition of additional raw lands which would be, let us say, looked upon as land banks, the emphasis should be now not 15 or 20 years from now when according to Barnard the amount of land may not be as necessary if our present growth patterns are not altered.

**Mr. Hall:** You don't have any graphs by any chance in your volumes there which show an increase in money expended for land servicing? Or can you give it to me in numbers over the last five years, year by year, as to what the change in direction has been?

**Mr. Riggs:** No, I cannot tonight exactly. I can say to you that the amount of funds which OHAP has lent interest-free to municipalities must be well over \$100 million by this time, and three years ago there was no such fund to municipalities to put in major services and things of that nature.

**Mr. Hall:** That is all province of Ontario money?

**Mr. Riggs:** Yes it is, excluding any funds that the federal government would put up under their servicing programs and, of course, the Ministry of the Environment.

**Mr. Hall:** Just to refresh my memory, what was the payback period on that?

**Mr. Riggs:** I believe it is interest-free and the payback period is 15 years.

**Mr. Hall:** That is only in OHAP-designed areas? And you do the designation?

**Hon. Mr. Rhodes:** That is right.

**Mr. Hall:** To encourage growth where you think it should occur?

**Hon. Mr. Rhodes:** I think the whole idea of the OHAP program at the outset was to expedite development in areas where it was apparent development was going to take place or was most apt to take place. Rather than waiting two, three or five years for the



community to be able to service that land, we would go in and advance the money to them and expedite that land coming on stream for development.

**Mr. Hall:** What has the effect been on the market in those areas that you have designated and put those funds into, as opposed to comparison areas where you didn't put in funds? Has there been a noticeable difference in market prices for land?

**Mr. Riggs:** In the Hamilton area, which is OHAP, certainly the Metro area, Whitby, Oshawa, et cetera, first of all raw land prices have definitely stabilized or have decreased significantly over the last two or three years. Housing prices, certainly in the Hamilton area, parts of Metro, and particularly suburban areas have stabilized or in many cases, if you have been watching the newspapers have decreased.

**Mr. Hall:** Of course, now I am asking, through the chairman and the minister, Mr. Riggs, for a comparison between OHAP areas and non-OHAP areas to measure the effectiveness of this investment. Is this possible? You say that in the OHAP areas there seems to be a stabilization and in effect a decrease. Do you have a control area that you are looking at as well?

**Mr. Riggs:** I would have to say that it would be difficult to compare non-OHAP areas which, by and large, are small municipalities, such as, as my colleague said this afternoon, Kingston and areas of that size, as against some of the major centres which would be the Sarnias, certainly the Hamiltons and the Metro Ottawa areas, where the acceleration process has produced housing prices in a stabilized form, as against, say, Windsor or London, where the prices have also stabilized to some degree but where the municipalities in those two particular cities have, by the circumstances of an aggressive land development attitude, the fortunate circumstances of having land around them easily serviceable, been able to do as other municipalities where the province has designated OHAP to allow them to expand their services where they have not had the same circumstances.

I think of economic conditions, growth patterns and industrial expansion, so that when you compare one city against another it is difficult to make exact comparisons as to whether or not OHAP funding has reduced or stabilized prices. It has increased production. It has allowed for the next three to five years the kind of release of service lots which would not have been possible if the OHAP program had not been implemented.

I think we will not know the final results of the investment in that program until the next five years, although it appears at the present time with the excessive—I shouldn't say excessive—with the amount of housing which is now for sale and appears to be for rent as coming out of the ARP program will allow a great many more citizens of Ontario to have accommodation at what you might call affordable prices.

**Hon. Mr. Rhodes:** I think too, if I could just add to that, if we take, say, for example, my own community there is a land assembly that the community has put together in conjunction with the ministry over a number of years in the process. When this land comes on stream serviced it will certainly have a very direct effect on the price of land. It is in a smaller community and a large tract of land will come on service and ready to produce housing. It is going to have a dampening effect and will bring down the price of land. I think that's fairly accepted in the community by everyone. By the same token, if you go up just beyond Steeles Avenue into York region into communities there, I don't think it may necessarily have brought down the price of land but I do think that it has stabilized it in that they are now bringing more land on the market, serviced and available, so that the escalation of the prices certainly has stopped and it has levelled off. I wouldn't think we would have reduced prices below what the market was in 1976. I don't think in 1977 there necessarily will be a substantial drop in the price, but it won't increase.

**Mr. Hall:** Essentially you are talking here about the providing of services as opposed to land banking.

**Hon. Mr. Rhodes:** That's right.

**Mr. Hall:** So you have concluded that that's moving in the right direction?

**Hon. Mr. Rhodes:** Yes, certainly it has been my feeling that the way you get houses built is to get the services in the ground. That's the prime requisite. Get the services in there and housing will come along.

**Mr. Hall:** In the area of land banking, what progress has been made so far in putting that land on the market?

**Hon. Mr. Rhodes:** We really haven't gone out with an effort to put this land on the market. As you remember, at the time that I announced the combining of the AHOP and HOME programs, I said that we had the land—it was available, but I said we wouldn't put it on the market until such time as the municipalities in which this land is located were prepared to have it come on.

**Mr. Hall:** Is this because of their concern over soft services?

**Hon. Mr. Rhodes:** I think that may be part of it but, at the same time, we recognize that each community has the responsibility to control the sort of growth it wants in the community, the type of growth it wants and when it wants it to come on. In some areas it's a question of the capacity of the sewage treatment facilities. We'll have to negotiate with them and through the Ministry of the Environment for what provision of services will be required.

As I said, when I was in the Kitchener area there was one area there where we own some land, a large tract of land, 3,000 acres or so, but I don't think you'll ever see that 3,000 acres developed for housing because a goodly percentage of it should be retained for agricultural use. So we'll be holding that in agricultural use and perhaps returning it to the people who were the original owners and developing that which can be developed.

**Mr. Hall:** It's being farmed in the meantime, I guess, is it?

**Hon. Mr. Rhodes:** Some of it is now being farmed under lease. Yes, there's quite a bit of it being farmed.

**Mr. Riggs:** If I can add to that, MGS is administering all the lands held by the ministry. Part of their policy, in conjunction with Agriculture and Food, is that every acre that we own is brought under agricultural development. I would say in many of the lands the agricultural development has increased because it's a deliberate policy with Agriculture and Food to give us support in this area.

**Mr. Hall:** Mr. Riggs, I understand the intent and direction that you're talking about but I would just have to question it when you say every acre because this is certainly not the practice in other ministries which are not pertinent to housing. I know the MTC has many acres sitting around that are not being utilized at all. To hear the description that the government is farming every acre is a little bit of a surprise to me.

**Mr. Riggs:** Let me give you an example. We have made descriptions of the acreage that we purchased in Ottawa which is, I guess, about grade four or grade five land. That is now being farmed for the first time in at least 10 or 15 years. In fact, I think it's being farmed for peas, if my memory serves me right.

**Mr. Hall:** On grade five land?

**Mr. Riggs:** Yes, grade four and grade five. We own about 5,000 acres adjacent to 5,000 acres that the National Capital Commission owns in the west end.

**Mr. Hall:** Are you making money on the peas?

**Mr. Riggs:** I don't think we are, at this point.

**Mr. Hall:** I'm surprised.

**Mr. Riggs:** But we're getting a rental on the property from the person who is putting money into the land in order to plant a harvestable crop.

**Mr. Hall:** The general direction on the community development program is that you're out of land banking and you're out of acquiring land. Is that a fair statement?

**Hon. Mr. Rhodes:** Yes, I'd say that we were out of acquiring land in the large tracts that we have acquired in the past. This doesn't preclude the possibility of the necessity of the ministry going in and buying a piece of land for some specific purpose, but I would say we are out of the land banking business at this time.

**Mr. Hall:** You said, I believe, that in total your program had put out some \$100 million in interest-free loans repayable over 15 years to municipalities in the OHAP-HOME program areas?

**Mr. Riggs:** If I can sort of correct that, sir, the ministry's OHAP program has put in excess of \$100 million in interest-free loans to municipalities, or will, because some of these commitments are for sewers.

**Mr. Hall:** On this vote, the community development program is in the role of a developer and not necessarily in the role of a bill payer and so forth; this is why the cost of the terms of interest that you must owe the Treasury doesn't show in this estimate. Is that right?

**Mr. Riggs:** That's correct. The capital for this program, as you will see in the next vote, is contained in the OHC vote. Both the public housing funding and the capital funding, which is normally at 10 per cent or 25 per cent funding for the development of those lands owned by OHC or purchased by OHC in previous years before the Ministry of Housing came into being, are contained in the OHC vote which is, I believe, the next vote.

We, on behalf of OHC, undertake the development of assisted housing in one form or another, or assist municipalities in doing it themselves or undertake the development of lands that are presently owned by OHC



or the federal government in conjunction with OHC, such as the Malvern lands in Toronto or the Saltfleet lands outside of Hamilton. Those are still under development and the funding which is in the OHC vote is utilized to continue servicing those lands and to market them under the present AHOP-HOME program.

**Mr. Hall:** To give me a better feeling for the involvement here, I wonder if somewhere there could be collated and put on one list the interest costs that represent all the involvement in the Ministry of Housing in land banks held and interest-free loans. It seems to be scattered here and it's rather hard to trace and, therefore, get a good handle on it. Is that a reasonable request? [9:00]

**Hon. Mr. Rhodes:** Sure.

**Mr. Hall:** Under the community development program, you will as municipalities agree, be disposing of land banks. Is this correct? Under this vote and under this area of responsibility?

**Hon. Mr. Rhodes:** Let me qualify the word "disposal." The land can be used in a variety of ways, as far as housing development is concerned. It may well be that the ministry itself, through OHC, may be developing part of the land; we may be developing part of it in conjunction with private developers. But it isn't just a matter of putting it on the market to the highest bidder by any stretch of the imagination. That was never the intention. In fact, I think you will recall that in the arrangement that we made with the federal government, because much of our land is federally and provincially owned, we would sell land at the low end of the market. So it isn't a matter of just putting an ad in the paper saying, "Land for sale." We will be doing it in a much different way.

**Mr. Hall:** When you sell at the low end of the market, I don't imagine that you are just going to determine what is the low end and then take a bid on that from a willing purchaser because you will want to make certain that there is no rise in the eventual sale price of developed land that purchaser has acquired. That means that you will have to have a continuing role in it, I guess, as it becomes developed.

**Mr. Riggs:** There are really two categories of land and I think I should break them down. There is the raw land which is at least five years away from development.

**Mr. Hall:** Like, say, Cayuga. Is that a fair example?

**Hon. Mr. Rhodes:** No, we don't have any—

**Mr. Riggs:** No, I'd rather say Brantford and I'll tell you why. Most of the lands we have in Brantford are in Brantford township. Brantford itself is having some difficulties in finding sufficient lands to expand. We have about 1,000 acres in Brantford, give or take. At the moment there is a study going on, which is composed of the Brantford township people, the city of Brantford and ourselves, to ascertain where the growth pattern is to go, whether it is to go into the lands owned by the ministry or to lands owned by private developers. That means soft services, sewers, water, et cetera, have to be looked at in terms of cost. The municipality might say, "We would like to buy your lands. We would like to develop the lands."

**Mr. Hall:** How long have you had these lands?

**Mr. Riggs:** Brantford? I'd rather be specific on that one.

**Mr. Hall:** I mean five years or seven years?

**Mr. Riggs:** Five years or six years. If that was the situation with Brantford asking the ministry to develop these lands under the municipal land assembly, I would assume my minister and the government would make that decision and so advise Brantford, or we may do it as a joint effort.

That's the raw land, which is reasonably available for development, if the municipality wishes to proceed in that particular direction. Then we have lands like we have in London or in Ottawa.

**Mr. Hall:** If you developed those, just staying with Brantford, under what system of steps would you develop it? On something which would be an extension of your current AHOP-HOME program?

**Mr. Riggs:** Yes, it would be an extension of our AHOP-HOME program with one exception, as my minister has mentioned in a number of statements that he has made, which is that any development of that size should have houses which would suit incomes of all ranges so that it's not a one-income community. One of the great criticisms that this ministry has come under in terms of public housing is the ghetto effect of having all one income or very low incomes. One of the aspects of land development in the new program the minister has announced is that a subdivision the size of 1,000 acres would have incomes ranging all the way from the very low to any kind of



income, depending upon where the lots are located, et cetera. I believe it proceeds through the whole planning process.

**Mr. Hall:** You and the city of Brantford—

**Mr. Riggs:** In Brantford township.

**Mr. Hall:** —would be the owner.

**Mr. Riggs:** Possibly.

**Mr. Hall:** You would proceed just as if you were a private developer through all the steps of zoning, approvals, housing mix, zoning mix and what have you.

**Hon. Mr. Rhodes:** That is correct.

**Mr. Hall:** You would gear it to the program that would be best funded under joint federal-provincial operations for the programs that exist at that time.

**Mr. Riggs:** With an emphasis on planning towards ensuring that a major portion of the housing units to come on stream would at least meet the lower quintile in terms of income.

**Mr. Hall:** Within that framework you would try, as a well meaning seller, to price that land in at the low end of the market scale. This is where that happens, based on circumstances of that kind? How fast would that come out?

**Hon. Mr. Rhodes:** How do you mean?

**Mr. Hall:** Would it come out fast enough to have an effect on the market or would it come out in quantities that would not disrupt the market at all?

**Hon. Mr. Rhodes:** I think you can have the land available but the market is going to dictate how many units are built, obviously.

**Mr. Hall:** For a change you're the terrible guy, you're the developer now.

**Hon. Mr. Rhodes:** Yes, from our point of view. Of course we've never said development is terrible, others have said that. What I'm saying is that the market is going to determine how many units you are going to build. My desire is to see that land, if not serviced, ready to go, a subdivision ready to be built on, certainly to the point that it can be serviced practically immediately.

**Mr. Hall:** You're different from any other developer that's come down the pike in a long time—

**Hon. Mr. Rhodes:** Probably.

**Mr. Hall:** —in the opportunity you have to influence the market here.

**Hon. Mr. Rhodes:** Oh, yes, and we recognize that opportunity and that we can in fact put a number of lots on the market. We recog-

nize that and that is probably going to assist us in getting our lots on the market at the low end of the market price. We think we can move them in a community, for example, like the Brantford area, especially if we are going to be producing those homes which will come under the AHOP-HOME program and where the purchasers will qualify for the various assistance programs that are incorporated in that and, at the same time hopefully, to realize the sort of mix that we want in those particular subdivisions and developments.

**Mr. Hall:** It is a difficult situation because you put in jeopardy all the other legitimate private developers who may be trying to move with their land holdings in the Brantford area as well.

**Hon. Mr. Rhodes:** I suppose there is always that hazard. Somebody is maybe going to have to take a little less on the land than he anticipated he would take. I'm not totally convinced that that's all that bad.

**Mr. Hall:** I'm not convinced either. But if it means that with this potential hanging over their heads they pull out for a while until that pill is swallowed, that presents an interesting set of circumstances.

**Mr. Riggs:** There's another point here that in some communities, and not all, the smaller builder has a very difficult role in finding lots.

**Mr. Hall:** That's right.

**Mr. Riggs:** In Metro, without Malvern or without Saltfleet, or in Niagara Falls even, where we hope to merchandise maybe 136 lots in 1977, we probably have become, just by the pattern of land development in Ontario, a source of lots for the builder who builds fewer than 25 houses a year. So from that point of view, we try both to fulfil a market for lower income persons and be a provider of lots to the smaller builder, who I believe has a legitimate role in the province, who builds a good house—good quality, low price—and provides employment in addition.

**Mr. Hall:** Have you been doing any of this already? Are there any instances where this has happened?

**Hon. Mr. Rhodes:** I guess the HOME program.

**Mr. Riggs:** The HOME program over the years has basically been doing what we are doing in our AHOP-HOME program.

**Mr. Hall:** Just out of interest, are there any circumstances where you get involved with the requirements of other ministries, such as Environment, in the matter of sound pollution? Are you building berms? Are you air-conditioning? Are you putting storms on?

**Hon. Mr. Rhodes:** If we have to go into an area where those sort of requirements are there, we are going to be in the same position as any other developer or builder.

**Mr. Hall:** You haven't yet, though

**Mr. Riggs:** Oh yes. In Saltfleet along the highway we are double or triple glazing—

**Mr. Hall:** Which highway?

**Mr. McDonald:** Highways 20 and 8.

**Mr. Riggs:** Hamilton Mountain.

**Mr. Hall:** The traffic volume on those is zip compared to the Gardiner or Highway 401 or the QEW or any of those areas.

**Mr. Riggs:** I can only say to you, sir, that what has happened previously is now being corrected so it doesn't happen on Highway 28 in the future. The requirements of the Ministry of the Environment to us, through the municipality, was that certain houses backing on to those roads should be more heavily insulated, plus at least double or triple glazing.

**Hon. Mr. Rhodes:** I don't know whether you have taken the opportunity to drive through the satellite city in the Hamilton area or not.

**Mr. Hall:** Yes, I have.

**Hon. Mr. Rhodes:** You have. I know my first trip through there had me kind of blinking at how the development was done, the width of the streets, the setbacks and all that, which seemed rather severe sort of requirements. When I inquired I realized that these were all part of the subdivider's agreement, with which I know you are familiar. So we have to live up to whatever the municipality determines will be required of us.

Let me say without any hesitation that when it is the government or an agency of the government, sometimes those requirements become just a shade higher than they might be under ordinary circumstances.

**Mr. Hall:** I understand that they are wanting to, in effect, decrease density, or is it your ministry wants to decrease density in the satellite city by reason of an increased demand for single-family units? Was that at the municipality's insistence or your ministry's view?

**Mr. Riggs:** In Saltfleet, because we now have the Barnard study, which looks ahead and indicates the kind of demand we are going to have over the next 10 or 15 years, there has been a review of decreasing the density in some of the block lands, so that yes, that's quite correct. I think we have had discussions with the Saltfleet council along these lines, but still indicating to them that we will be prepared to contribute to their soft surfaces, particularly the recreational

facilities, perhaps more so than the ordinary developer because to some degree we come under a program called CLUMP, which is a federal requirement that we ensure that all recreational facilities to some degree are contributed to a municipality.

As the minister said, we at times are required to meet a higher standard than perhaps the average developer in meeting the requirements of a municipality, particularly in soft and infrastructure services.

[9:15]

**Mr. Hall:** Moving right along, you do a considerable amount of administrative overhead work for other branches of the ministry. You're sort of an administrative function and charge out your services, is that it?

**Mr. Riggs:** That's correct.

**Mr. Hall:** This type of economy it seems was only started in the last fiscal year, was it, primarily?

**Mr. Riggs:** Yes.

**Mr. Hall:** Is it working satisfactorily? It's just an internal bookkeeping exercise primarily, isn't it? Isn't that the function?

**Mr. Riggs:** Not entirely, because once again we have fee structures with Central Mortgage and Housing Corporation, because we're responsible for the inspections and the development of public housing for OHC.

**Mr. Hall:** Did you have to get involved in this during your temporary period of time in rent review? Is this why you had to earmark these costs a little more differently?

**Mr. Riggs:** No. We were very concerned because CMHC, which approves our development fees and our inspection fees, is concerned that we are doing it efficiently, and therefore in terms of our inspections of public housing on behalf of CMHC, because it has allocated to us that function and the development of public housing, which adds to the capital costs, of which they share 90 per cent of the capital costs and 50 per cent of the subsidy, we had to develop cost accounting methods to ensure that we were acting in an efficient manner. It was that straightforward.

**Mr. Hall:** As an administrative arm, is it this section here that does a survey at the request of the municipality for senior citizens under OHC or something like that?

**Mr. Riggs:** Yes, but it's broken down once again, because a municipality which has a population in excess of 10,000 can undertake its own what we call a municipal housing statement plus survey with funds provided by the Ministry of Housing, and for munic-



ipalities under 10,000, which may not be as sophisticated, the ministry will undertake a survey and assist it in a municipal housing statement, which is a somewhat wider look at housing generally other than just assisted housing, on their behalf without any charge.

**Mr. Hall:** Is that 10,000 a break point with regard particularly to senior citizens?

**Mr. Riggs:** Yes.

**Mr. Hall:** Above 10,000 they're supposed to fill out their own forms now?

**Mr. Riggs:** It's not so much filling out their own forms—

**Mr. Hall:** Doing their own surveying then?

**Mr. Riggs:** Yes.

**Mr. Hall:** A few years ago, though, you did the surveys for communities over 10,000 as well, I think.

**Mr. Riggs:** That is correct. But we're funding them to do their own surveys and municipal housing statements so those persons who are closest to the municipality, who understand the requirements, will produce a document that their own council can then approve.

**Mr. Hall:** On such surveys, how much of an expansion factor is built in for anticipated time lag between measurement of need and completion of the units, which can be several years? Is there a built-in time expansion, or do you have to do another survey and measure it again at a later time?

**Mr. Riggs:** In trying to answer that it is difficult now, because we have put housing in most municipalities in Ontario, so we have to look at the expansion factor—

**Mr. Hall:** You are putting it in municipalities.

**Mr. Riggs:** Fair enough. We are putting in or have put in housing in a great many municipalities in Ontario. We have to look at both the expansion factor, the time element, but we also have to look at the turnover factor, if we happen to have a senior citizen project or a family project in that municipality, because most projects turn over between five and 10 per cent per year.

I have an outline here, which I give to the members, which we're working on and will soon be sent to all municipalities, Mr. Chairman. We are developing the kinds of survey techniques that Mr. Hall has mentioned. We must not only look at what is available in the community, what is needed in the community, but the time-frame that will be required to build that particular development and how many more persons may be desirous of housing at that point in time.

**Hon. Mr. Rhodes:** May I interject? That's part of the reason we have the municipal housing statements as well as just the survey. I think we're free to admit that the techniques of surveying for the need for senior citizens and family housing under the former approach was perhaps not quite as efficient as it might have been. So by combining better techniques in the general survey approach to the need for the assisted housing with the overall municipal housing needs survey, it then gives us a better view of what that municipality's immediate needs are.

It also gives us what its long-term needs are going to be, not only in the assisted housing area, but what that municipality sees as its housing requirements down the road a piece in all areas, in single families, in multiples, in apartments, in assisted housing. We've asked them to take a look at the possibility of whether they want to include non-profit co-op housing, any type of housing within that community, what they think their needs are going to be and how, of course, we can assist them in providing that housing.

We think the sort of information that will be available—and is now available in some communities—is going to be far ahead of what we have been working with in the past.

**Mr. Hall:** It seems to me, though, in the last few months you have turned around and put the initiative more on the municipalities to develop their own senior citizen housing. Rather than being the initiator, you're expecting the municipality to be an initiator more and more. Is this the case?

**Hon. Mr. Rhodes:** Yes, that's correct. I think that's certainly a direction that I wanted to see us go in, rather than having the onus entirely upon the Ministry of Housing to simply respond to a request from a municipality for a survey, go in and do the survey and then try and get the units built after that. We've now said to municipalities, "Look, there are a number of ways in which assisted housing can be provided in your community. We invite you to select which of these particular methods you think would best suit your needs."

We've also said to municipalities, "From now on, we want you to identify the sites in your community upon which this housing can be built and bring it to the required zoning. When you've done that, then we are prepared to come in and follow whatever route you have chosen and get that housing for you." This is going to help us considerably, we think, in expediting what is going



on, because now the municipality must face up to its portion of the responsibility for the provision of housing in a particular community. It is up to them to bite the bullet, if you will, in a particular community where it requires land to be zoned, rather than having us go in and get into all kinds of hot water, probably because we happen to be the representatives of the provincial government, in attempting to rezone property for family housing in particular.

**Mr. Hall:** In a sense I can see some argument in that direction, Mr. Minister, but without wanting to say that one municipality may be remiss or may not be remiss in acting on this initiative, seizing its opportunities to do the best possible job, nevertheless I think the government has a responsibility to do the best possible job in the absence of anyone else doing it. The senior citizen or the disadvantaged person who needs the accommodation doesn't care which government dropped the ball, he needs the accommodation.

This is an area of concern to me, because I do know communities where the necessary site meets everyone's view as to location and to cost and so on and so forth, but years go by and nothing happens. I suppose, on the one hand, you could say that the municipality isn't discharging its responsibility or its share of responsibility. This may be, but speaking as someone who is not beholden to municipal government but trying to represent a broader segment of any given constituency, as members are, my concern is performance in the absence of performance by a specific government.

How do we overcome this problem?

**Hon. Mr. Rhodes:** I think you would be hard pressed, Mr. Hall, to find a municipality in this province where there was a piece of land that had been identified as an acceptable site for senior citizens or family housing, where the need had been established, where the zoning was correct and where the municipality said it wanted the housing but the housing wasn't built. I invite you to go out and make that sort of search if you will. I don't think you will be successful, quite frankly.

**Mr. Hall:** You are listing a set of criteria but you are of no comfort to the person who needs the accommodation.

**Hon. Mr. Rhodes:** Those are the criteria under which Ontario Housing has worked over these years in an attempt to provide housing for the municipalities. I know I am going to sound as if I am beating the municipalities over the head. I am not doing that;

I am just telling you a fact. I have seen this sort of turnaround taking place and have put some of the onus on them—not all of it, as it is not costing them anything. It is all involved in the total package deal and they get their money.

Up until this time what municipalities have done is send motherhood resolutions. They say they want a survey and so we go and do the survey. We tell them they need so many units. Then another resolution comes out, each one getting a little headline in the local paper of course, such as, "Municipal Council Requests X Number of Units to be Built for Families or Senior Citizens." Then when you go in to acquire the land, you find it isn't zoned properly and you trot off to the local planning board to get it zoned, and the person there opposing you is the municipality. It's not very comfortable.

All I am saying is, if you really are serious and you want the housing in your community and we think you should have it, get the land zoned.

**Mr. Hall:** Well, it's no good saying to a member of the Legislature, "Get the land zoned."

**Hon. Mr. Rhodes:** No, but there is no point in you telling me that you have a broader constituency, because my constituency is as broad.

**Mr. Hall:** Oh, I am sure it is.

**Hon. Mr. Rhodes:** I am prepared to do that but, at the same time, I am not going to place myself into the position of being the villain in the piece when I have no control over trying to get the land developed.

**Mr. Hall:** I sympathize with the circumstances and I have no honest desire to suggest that you are the villain. I suggest that a problem exists here and this is the rub which cannot just be avoided because all these conditions are not being met. The problem won't go away. We can declare as a simile that there are no chronic beds in an area, but that doesn't mean to say that there aren't chronic care cases for hospitals any more.

**Hon. Mr. Rhodes:** The only alternative to that simply is to go into a community, establish the need and, regardless of the wishes of the community or the people therein, build them.

**Mr. Hall:** On the matter of price per unit cost of a site, do you relate that to the going costs in that community or is it one standard yardstick for the province?

**Mr. Riggs:** In terms of what we call benchmarks, on which we work very closely with CHMC—as you know, we share both capital

and subsidy—benchmarks are established for subsidy, for capital costs of the building and capital costs of the land. They are on an area basis. We might take a number of small municipalities in your area or we might take a certain number of areas around Pembroke and they would be related to an area, not to the province.

**Mr. Hall:** Are you satisfied that that's fair? If you were an individual purchaser you would relate it to an area basis, but how do you earmark the tax dollar that that person has contributed or is contributing to the general revenue of the province and say that he shouldn't get his standard share for any unit in Ontario as opposed to the land values in his area? I think there are projects being held up because, in a tightly held area or in an area of convenience in a downtown core of an area, you can't get land that apparently falls into the right benchmark price range.

[9:30]

**Hon. Mr. Rhodes:** A number of things enter into it in that particular case. Certainly it depends on what your density is going to be. If you're going to go to the highrise apartments you're going to get X number of units. Of course, your land component pack per unit is going to be reasonable.

**Mr. Hall:** I'm talking about only 40 or 50 units or something like that.

**Hon. Mr. Rhodes:** Again it's going to depend, I suppose, upon the location within the municipality. One of the things that we have a problem with is attempting to find land that we can construct these particular units on at a reasonable price.

**Mr. Hall:** For that area.

**Hon. Mr. Rhodes:** We're talking about zones or areas. Remember, one of the things I'm sure that you criticize all governments for over the years—I certainly have—is why don't they be a little more cautious with what they're doing with my tax dollars. If I come along and start building units where I'm going to end up with subsidies to each unit of something in the vicinity of \$300 to \$350 per month per unit because I picked a particular site and built on it, as opposed to going perhaps down the road apiece where I can reduce that subsidy by \$50, \$60 or \$70 a month, then I think it behooves me to do that. That's what we're talking about in attempting to keep that price per unit as low as possible.

**Mr. Hall:** I appreciate the point.

**Hon. Mr. Rhodes:** You have to understand that that works in the federal government too.

**Mr. Hall:** But I would like you to try to understand my point that the land unit costs, say, in Mississauga as opposed to South Dumfries, is naturally going to have a broad variance. Yet the individual who needs the unit who is a citizen and a taxpayer in the province of Ontario is not going to share to the same extent, in the benefits attached as the person, say, in Mississauga. He may not ever get the unit because he can't find a decent buy there in this remote area, wherever it might be.

**Hon. Mr. Rhodes:** No, I think we have been flexible in some of these areas. I can certainly show you areas in northern Ontario, for example, up in the northwest where you've got a small community where there is a very distinct need and where it's obvious that your costs are going to be higher per unit because you've got to import your trade and you've practically got to bring in every piece of material to build the units. Sure, your costs are going to be higher. We have been turned down flat by the federal government at any increased price and we've picked up the difference because we had to meet that obligation. I think that has been done in other ways around this province in order to provide the needed facilities.

We're not for a minute going to suggest to you that we've got 100 per cent of the problem covered and that we are home free. We recognize we've still got areas to put more units into, but I firmly believe under the present system we have of the various alternatives that are now available for the provision of this housing, rather than just the one avenue of going strictly through OHC, there will be more units built. Because we're now into the private assisted rental program which is available, we've got municipalities which can become involved themselves if they feel themselves large enough and competent enough with staff to get into the housing business themselves or use the regular OHC procedures.

We are also into the rent supplement program. We've got non-profit housing. We've got co-op housing. I really believe there will be more units for people who need assistance in rentals, family and seniors, than we did have under the single program that OHC ran quite efficiently for many years.

**Mr. Hall:** I believe the rent supplement program has always had a federal limitation. I believe you told me in previous estimates



that even though you liked the program, and it was supported in the estimates meetings here, you could only go so far in it because of federal limitation.

**Hon. Mr. Rhodes:** There were limitations on it. There are still some limitations but they have eased off a bit now, as the result of a discussion that was held in Ottawa with Mr. Ouellet. Without casting any disparaging remarks on any of his predecessors, he seems to be more enlightened, from our point of view anyway. Now we work on a total unit basis rather than a specific number.

**Mr. Riggs:** There are 3,000 rent supplement units in what we call section 44(1)(a) and 1,900 units under section 44(1)(b), which is the non-profit sector of The National Housing Act. So we're up to a total of 5,900 units for 1977 under our rent supplement integrated form of housing for both seniors and for families.

**Hon. Mr. Rhodes:** What was the year before that?

**Mr. Riggs:** I guess we were moving under—

**Mr. Hall:** About 2,000?

**Mr. Riggs:** No, about 3,500 the year before, and I am guessing at that figure Mr. Minister. So we have been going up.

**Hon. Mr. Rhodes:** It's increasing. So the rent supplement program, I think, is working well.

**Mr. Riggs:** I think there is a point here, Mr. Minister, that should be noted, that with the apparent success of the federal ARP program, and particularly since the province has now come in for the major cities, we have been getting excellent co-operation from builders for 25 per cent of those units as rent supplement, both for seniors and for families. So that's adding to our total for future years, because I was mentioning previously, these units which are being approved today will not come on stream until 1978 and 1979, and we have a proportion of those coming on stream continuously to add to that stock of housing needed for the lower income families and seniors.

**Hon. Mr. Rhodes:** We are providing one other important social benefit under this sort of a program, too, and that is we are really getting away from the sort of project type of development where there is a building and all who are living there are having their rent subsidized.

**Mr. Hall:** This is one of the merits of the rent supplement program.

**Hon. Mr. Rhodes:** Much better, much better.

**Mr. Hall:** I'll try to wind up now in my initial area of questioning. There are two specifics that I wonder about, however; you are involved in the standards of construction, I suppose, with regard to the areas that you are putting your money into. In this area, have you dramatically changed the insulation standards? What are your standards now? Is it six inches, four inches, or have they gone beyond that?

**Mr. Riggs:** No, we have not.

I guess, Doug, I have to ask you to advise me on this one. Mr. Wells is the executive director of technical services, Mr. Hall, and has been very much involved in the whole matter of solar energy and things of that nature.

**Mr. Wells:** Prior to the introduction of the Ontario Building Code for some two years we were at R20 in the ceiling and R12 in the walls. That is presently the Code requirement, so we are even with the Ontario Building Code.

**Mr. Hall:** Is that four and three inches, Mr. Wells?

**Mr. Wells:** Approximately, yes. We are looking at these standards right now.

**Mr. Hall:** You, of course, are familiar with the standards that Mr. Gillespie of the federal government talked about as a goal the other day, getting up to, I believe, 12 inches in the ceiling, is that right?

**Mr. Wells:** Yes. This creates some problems, of course, when you get into these heavy insulations, especially in the walls, you get into the question of economics of two-by-sixes versus two-by-fours, in the lumber industry.

**Mr. Hall:** What do you do in municipalities that have different fire codes and you can't use brick veneer construction? We are in solid masonry. How are your standards being maintained there?

**Mr. Wells:** We would require the builder to build to the codes of the municipality, especially the fire codes, but of course all the municipalities are subject to the Ontario Building Code standards.

**Mr. Hall:** It's all going inside the masonry, then, is it?

**Mr. Wells:** Yes, that's correct.

**Mr. Hall:** I assume that you are heading towards much heavier insulation as a basic necessity for the future. You have not yet gone beyond four and three inches?



**Mr. Wells:** I think in that area insulation has been highlighted because it's a simple form of energy conservation, and it may be overdone. I have to say that. There are other methods of saving energy without going to the extremes that I think the federal government is suggesting.

To go to a two-by-six when most of our forests in northern Ontario turn out two-by-fours could be a very expensive proposition, whereas the glazing, the size of windows, which is part of the federal proposal, and other means of energy conservation which our people are looking at could be in the long run better than continuing to escalate the insulation standards, in terms of maximum returns for the homeowner and in terms of energy conservation.

**Mr. Hall:** The R factor may change with different insulating materials being developed, I suppose, too.

**Mr. Riggs:** That's correct.

**Mr. Hall:** Are you also following in all your units the individual metering of utilities?

**Mr. Riggs:** We are in family housing, basically. In senior citizen units we are not at the moment. We have discussed this with the Ministry of Energy. At the moment it would appear that, on the units which are not on our drawing boards, we will be converting to single metering. We have a peculiar problem in the sense that our rent is based on income and we want to ensure that the cost of all the metering, which will not be picked up by the individual senior citizen under our present rent scale, is not just adding to the total capital cost of the municipality which provides those meters, before we are absolutely sure that the bulk metering for a senior citizens resident, in terms of energy conservation, is an absolute necessity. It is a bit of a problem here, Mr. Minister.

**Hon. Mr. Rhodes:** There is one other point, too, that we have got to look at and that is, under the present system in assisted rental housing, family perhaps or more so than senior citizens, but really to all, we include in the total package of rent which is geared to income, and that includes, of course, all utilities and everything else, even with individual metering all you really do is get an idea of how much power, how much energy that particular unit is using per month or per whatever the readings are.

**Mr. Hall:** You don't think you cut down on consumption?

**Hon. Mr. Rhodes:** You are not going to cut down the consumption until such time as

somebody is brutally aware of what it is costing them.

**Mr. Hall:** That is the idea behind it, isn't it?

**Hon. Mr. Rhodes:** The only way you are going to do that though, I suggest to you, is if we make some adjustment so that anything above a certain amount—and I am being very, very general and really I shouldn't even talk like this because we haven't looked at it in any detail, I haven't anyway—or some way of saying to the particular tenant, "Look, you are responsible for your energy consumption." It may mean reducing the rent scale or changing the rent scale somehow, I don't know, but saying to them, "Whatever is on that meter, that is your problem." In that way I think maybe you might realize a lot of saving.

There is no question now—and I am not criticizing; it is happening not only in our facilities, it is happening in privately owned buildings where people leave the window open for fresh air and turn the oven on for heat and open the hot water tap and let it run, and say "Who cares? It is not costing me anything"—that sort of thing has to be taken into consideration, along with, of course, the increased insulation capabilities, the double glazing of windows, other things.

That is not going to be easy to do. We are going to get all sorts of criticism that we are leaning on those who can least afford to pay the costs, but they've got to be conscious of it all too.

**Mr. Hall:** You're not backing off from looking at it and trying to resolve it, though?

**Hon. Mr. Rhodes:** No sir.

**Mr. Hall:** One other item, the community development program and technical services: Is this the same area that has set up attempts to influence the municipalities to have minimum standards in hard services?

**Hon. Mr. Rhodes:** No.

**Mr. Hall:** That's in another section. Have we come to that section yet, Mr. Minister? Did that fly by earlier?

**Hon. Mr. Rhodes:** Oh yes, that was in Mr. Wronski's area.

**Mr. Hall:** Would you indulge me by just giving me a quick report, because it wasn't discussed. What success are you having with that?

**Hon. Mr. Rhodes:** Limited.

**Mr. Hall:** Are you persistent?

**Hon. Mr. Rhodes:** I think as persistent as I can be without being dictatorial, yes.

**Mr. Hall:** So what followup have you initiated after the material was sent out to these municipalities last year?

**Hon. Mr. Rhodes:** We had responses from some of them. Quite frankly, we didn't get the sort of response that I think that the report warranted.

**Mr. Hall:** I have seen some speeches that you have made on the subject, or reports on it.

**Hon. Mr. Rhodes:** Our people have talked with municipal engineers, who have been our greatest stumbling block. Some communities have accepted the standards. I guess the most evident one would be Scarborough. Scarborough recently approved a subdivision on the smaller lots with lesser servicing. There are some other communities around that have decided to go with smaller lots, as a mix in a particular subdivision. That seems to be the one where there is the most favourable response or willingness to co-operate in reducing the size of the lot.

[9:45]

I don't think we have experienced too much success in the narrowing of the roadways; most of the argument there being that it is difficult to plough, snow storage and this sort of thing.

I can't answer you very accurately on what success we have had as far as not necessarily installing the storm sewers in those areas that may not really need them; doing away with the curbs and gutters; not too much of that, because as you know that is part of the subdivider's agreement and municipal engineers are not very favourably inclined.

**Mr. Hall:** Not much success with the storm water handling either; which is one of the bigger costs.

**Hon. Mr. Rhodes:** I would hate to comment, because I really can't say for sure. I don't think we have experienced too much there, because again the engineers like the idea of not having to have anybody bother them about some watercourse or small ditch being plugged up. They like it to flow freely through the concrete pipe.

**Mr. Hall:** Regardless of cost.

**Hon. Mr. Rhodes:** The trade-off there is you don't have to be wakened up in the middle of the night. It is very easy to tell what problems the municipality had last year from the engineer's point of view. You look at the next subdivider's agreement for subdivision that comes in and you compare it with the one you had before, and you will see all of the problems the engineer had

have been incorporated into the subdivider's agreement. He doesn't want those the next year. It's a boots-on-the desk sort of job.

**Mr. Hall:** The whole area is rather frustrating, trying to achieve lower costs?

**Hon. Mr. Rhodes:** Yes, it is a little frustrating, but we try. As I say, the only other alternative I suppose, and it is recommended, again, if I can go back to Mr. Comay's report, which you will notice recommends that we set standards and say if these standards are met that's adequate; the minimum standard. I would be interested to see the comments that come back on that particular recommendation.

**Mr. Hall:** Thank you very much.

**Mr. Breaugh:** They would be the world's highest minimum standards.

**Hon. Mr. Rhodes:** We have them now I think, Mike.

**Mr. Breaugh:** I want to deal in a couple of ways with this matter of land sales of properties that you have acquired over the years, and land banks and things like that. It strikes me that you must have somewhere a complete list of all these properties and some kind of a game plan to not divest yourselves of them, I guess, but to implement them in whatever form. Is there such a document?

**Hon. Mr. Rhodes:** We certainly have a listing of all the land that we hold, that is quite correct, but I would say no game plan as to how to dispose of that land, because again it is going to depend upon what the various municipalities where the land is located want to do, and what their planning process is. So no, we haven't a game plan to dispose of it.

**Mr. Breaugh:** You must in some way have used, to quote from your book, the technical and operational resources to develop and market lands held by the province. Surely, if that is the stated purpose of what you do, you must have done it?

**Hon. Mr. Rhodes:** That particular function has been going on all along, because that same sort of activity was going on in the development of land under the Crown program, so the same sort of techniques would be used. Again, I want to emphasize that we haven't just suddenly slammed the door on all of the HOME developments. There are still some that will be completed within the province.

**Mr. Breaugh:** Where do we find this complete inventory of all the land that you own, and how much you paid for it?



Hon. Mr. Rhodes: I can table it again.

Mr. Breaugh: That's the problem we always get into here; everybody always asks for that and you always say, "I'll table it," and Eddie Sargent always gets up and says, "How much did you pay for that land?"

Hon. Mr. Rhodes: Eddie Sargent must have his hotel papered with this stuff. I think Vern Singer left because he couldn't stand any more of it, he had no more room for it.

Mr. Hall: Vern Singer left because you promised you would give him the information.

Hon. Mr. Rhodes: He was afraid; he didn't know where he was going to put it.

Mr. Riggs: All our acquisitions almost per acre have been tabled. If you haven't got that information, we can send it to you quite easily.

Mr. Breaugh: I think we brought this up before and you told me you would, but I don't recall having received it just yet.

Hon. Mr. Rhodes: Gosh, we must have. We mimeographed it. On one condition; I don't think it's signed for.

Mr. Breaugh: Okay, I'll put an X there.

Hon. Mr. Rhodes: We'll get it to you.

Mr. Breaugh: Let me approach that then from a slightly different angle. For the foreseeable future—say, for this budget year—you must surely have developed some kind of a strategy, program or whatever, identifying specific pieces of property with a test of prices for the area. Could we see that?

Mr. Riggs: Sure. We're going to develop in 1977 and 1978 a land use totalling 8,426 land units, of which possibly 4,000 will be marketed because you always have to have an inventory behind you in order to market a percentage of those lots.

Mr. Breaugh: What is a land unit?

Mr. Riggs: A land unit could be a single detached lot, a semi-detached lot, a street townhouse lot, a condominium lot, or an apartment unit in block land. We have a complete marketing list, which we could provide you and which I have before me here, showing each municipality—

Mr. Breaugh: That's what I want to see.

Mr. Riggs: —with the number of units available, the cost or the value per unit, our share of the cost, the federal share of the cost, when the call will be made and things of that nature. We'd be very happy to send that to you, sir.

Mr. Breaugh: Fine, now could you elaborate for me as to specifically how these land units will be put out? In what way; what's your plan?

Mr. Riggs: Yes. In each case in every municipality we will call a proposal call. Appraisers between CMHC and ourselves will agree upon an appraised value or price. If the two sets of appraisers cannot agree, we will bring in an independent appraiser so that we would have three appraisals. Between the three appraisals we will agree upon a price which will be at the lower end of the market.

The proposal call will go out and builders will submit prices on a house, plus the land, which has already been established in terms of price. The ministry will approve builders at a fixed price for house and building. He must build it for that on private financing, either under the AHOP-HOME program or, depending upon the costs of the lot if he cannot qualify—and some of our lots will not qualify because we want an integrated kind of community—he will get private financing to build beyond AHOP-HOME. But no matter what price he submits, we will look at the architectural design to ensure it meets the requirements of the community and that it blends in with the other houses on that particular area. He must maintain that price. Our agreement will require him to maintain the price that he submitted to us, plus the price of the land.

He will be then awarded the lots, and he will pay for those lots out of his advances. We'll have certain holdbacks in terms of pledge deposits and things of that nature. So long as he lives up to his agreement, he will complete and sell the house, and we'll have produced a unit for the most part for incomes in the AHOP-HOME limits.

Mr. Breaugh: Perhaps the minister could answer this. Could you tell me why you've opted for this lower-end-of-the-market routine as opposed to taking and putting out properties which you might have acquired some time ago, or at least certainly far less than current market values, and putting those out at a much lower rate, if you had done what most speculators had done, namely, acquired property some time ago? You now would be prepared to put those out under the same rules of operating at the price that you paid for them, plus whatever carrying charges were in there, in return for an agreement that he would put these out at X number of dollars. Why did you not opt for that?



**Hon. Mr. Rhodes:** I suggest to you in order to avoid the very problem you found very difficult when we talked about it this afternoon.

**Mr. Breagh:** You could find no means whereby you would be able to substantially lower prices. I'm thinking in particular where you might have gone to some kind of senior citizens' housing. You might be able to do that in rental accommodation and things like that. It might be rather difficult to find a fair way to do that in the single family thing unless you were prepared to do it in total.

**Hon. Mr. Rhodes:** For one thing, I think it is fairer to everyone concerned if we stay in the market area. I think we have accomplished two things. We avoid the very problem that you told us about this afternoon, which we recognize, and I think you do too, very well, creates quite considerable problems. The other is that these homes will be freehold, and I don't want to be accused later on of allowing somebody to buy land from the government at a specific price and then suddenly make a windfall profit on the thing or selling it a year later at whatever market value.

**Mr. Breagh:** I could just think of a number of instances in senior citizens' apartments, in co-op housing, non-profit housing and limited dividend housing, in areas where you would obviously hold property now which could substantially put those particular kinds of projects, either on the market or functioning as rental accommodation, much cheaper.

**Mr. Riggs:** If I can answer that one, let's say senior citizens, we share the subsidy with the federal government. If we put a book value on those lands—and I have to say this—it means our percentage of the subsidy increases. It is the same when we buy land from the municipality certainly. Many municipalities have sold us land at their book. On the other hand, some have sold it at market. It is trying to find an equity here.

In terms of non-profit housing, I think there could be times when we could sell at book. Because so long as the co-operative will never sell that property, I think it would be a method of lowering costs to persons who are not going to make a speculative windfall gain. I think, for my minister, in any co-operative or any non-profit corporation where there was not a subsidy involved shared by the two levels of government, such as there is in rent geared to income, any kind of proposal that would produce

housing where there would not be the potential of speculative gain could be looked at on a book value or slightly above book value basis.

**Mr. Breagh:** So you would be prepared to accept that kind of a proposal?

**Hon. Mr. Rhodes:** Yes, if we can be satisfied that somebody isn't going to walk out of that particular unit with a pocket full of money that he really is not entitled to. If there's any money to be realized from that investment made by public funds, it should be for the public. If I am satisfied that there is a non-profit or co-op sort of area, okay, then you are dealing with a segment of the public that can well use that assistance. I sure don't want to be handing it over to somebody who doesn't understand that.

**Mr. Breagh:** Would you be prepared then to go further and say that municipalities which presented you with the project that fitted into that kind of criteria could also be open to the same consideration of acquiring the land at book value?

**Hon. Mr. Rhodes:** I would be prepared to look at that with some consideration under one particular condition, that is that the municipality wasn't sitting on a whole bunch of its own land that it has had for a long, long time and waiting for that to evaluate so that they can put it on the market at a pretty high price later on, which they're good at.

**Mr. Riggs:** Maybe they could go along with the servicing standards.

**Hon. Mr. Rhodes:** Oh, yes. That's right too. Maybe they'd like to go along with the servicing standards too. That would be all right.

**Mr. Breagh:** Always carrying a carrot on a stick.

**Hon. Mr. Rhodes:** The carrots can be carried in pockets. The stick's getting heavier.

**Mr. Breagh:** Let me leave that because I am rather pleased you are prepared to at least consider things of that nature. Let me move on to a kind of urgent problem in my area anyway and I suspect in a number of other areas, anywhere that was an OHAP target area.

Have you made a response to the region of Durham about their financing problem on services—I anticipate that that's not a problem unique to that particular area—where there is now a substantial debt load being carried?

**Hon. Mr. Rhodes:** If you are referring to the specific bylaw that is going to be discussed tonight or is being, or I suppose has been discussed—

**Mr. Breaugh:** Yes.

**Hon. Mr. Rhodes:**—I responded to them, simply reiterating what I said to them in a letter on September 22, 1976, I believe, which was that I have entered into an agreement with the municipality. I think it was an agreement and we should live up to the agreement. I am frankly not prepared to allow the region to pick and choose. We entered into an agreement. Let's live up to the agreement.

[10:00]

**Mr. Breaugh:** Following on that notion, how are you going to combat what strikes me as the very logical argument that any municipality would take past that point by simply saying, "Well, it's okay to have an official plan and all this stuff but that's it, game over. We can't afford it. No more approvals for anybody, for anything?"

**Hon. Mr. Rhodes:** I suppose I would have to say that if you want to enter into an arrangement with me to supply certain funds, and in the particular case of the Durham region we have put a lot of money into that place, I expect that council to live up to its part of the bargain or the bargain no longer exists. In my understanding—I think I have it rather clear from the number of discussions I've had—in that particular region was a desire to pick and choose.

We are talking specifically about the possibility of the servicing of the Courtice area which the city of Oshawa looks upon with less than favour. I know why. If the city of Oshawa feels that it wants to prevent that particular development servicing program from going ahead, then of course that is the city of Oshawa's right. At the same time, I have to perhaps use the stick instead of the carrot and say to the city of Oshawa, "If you are not prepared to carry out that part of the agreement, then I'm not necessarily prepared to carry out parts of the agreement that you find favourable." We entered into it in good faith at the very beginning.

**Mr. Breaugh:** If all of this results in a real stalemate in the development proposals for a period of time what happens then?

**Hon. Mr. Rhodes:** Then I suppose the city of Oshawa, the Durham region and ourselves will have to start having further discussions how we are going to meet the required development in the area. I am assuming there is a reasonable amount of intelli-

gence in that region, both at the official and elected level, who will recognize their responsibility and I will have to recognize mine.

**Mr. Breaugh:** If a municipality had decided that it had, frankly, done its bit and its financial obligations were more than it could bear under the current situation of a restraint program—of an Edmonton commitment that is kind of made but not fully made, or at least it is open to argument—it strikes me that you're begging that entire financial problem to grind right straight to a halt, aren't you?

**Hon. Mr. Rhodes:** For development in the area?

**Mr. Breaugh:** Yes.

**Hon. Mr. Rhodes:** No. I have lived up to all of the agreements that were made between myself and the region of Durham as related to OHAP servicing. I have, in fact at the request of the region and after discussions with the region, altered those agreements favourably to them. I think I bend over backwards, to be quite honest with you in dealing with the region of Durham, recognizing they have had some problems that were not common to other regions in the province, but I'm only going to go so far and I reached that point yesterday.

**Mr. Breaugh:** If you had reached that decision on June 7, I'd have been happier.

**Hon. Mr. Rhodes:** I wasn't asked on June 7.

**Mr. Breaugh:** I know that. Let me deal very briefly with the North Pickering thing which has been done to death, I guess. I am still very interested in the development corporation—

**Hon. Mr. Rhodes:** There is a specific vote on that.

**Mr. Breaugh:** Yes, but in this vote you are providing services to the North Pickering Development Corporation. What services?

**Mr. Riggs:** No, if I can correct that, that particular item under my vote here, that particular vote, is the funds to provide legal services for the North Pickering hearing the funds to acquire any additional land which come out of the hearings, and funds to maintain the properties and to sell or certain properties in the hamlets, for which an undertaking was given by the minister to sell certain properties that are at present being rented, and things of that nature. So it is a cleanup process for the North Pickering situation which is involved in the hearings, the maintenance of the properties and



the sale of certain properties which are not needed or have been abandoned, in terms of law, at the present time in the hamlets.

**Mr. Breagh:** Okay, I understand, but on page 163 under the community development program, vote 2103, you say, "The key characteristics of this activity are the provision of technical support services covering appraisal, architecture, engineering, research and development. The client groups served are"—among others—"North Pickering Development Corporation. Support services provided, appraisal"—that's true and it goes on down through—"budget prices provided for housing units provided by architects, maximum sale price of housing set for non-AHOP lots" and so on. It strikes me that that's the aspect of the North Pickering Development Corporation that I would like to deal with.

**Hon. Mr. Rhodes:** No. That particular page is dealing with the total activity within this vote and within the development area. It deals, as you'll notice, with OHC, the mortgage corporation and what have you. The North Pickering Development Corporation funding that is within this vote is precisely what Mr. Riggs has mentioned, which is basically the land situation as it now exists and the hearings that are going on.

**Mr. Breagh:** So you are not at this time providing these services?

**Hon. Mr. Rhodes:** These technical services and that? No.

**Mr. Breagh:** You're not. It's not that far along.

**Hon. Mr. Rhodes:** We don't provide it. They're provided within their own vote.

**Mr. Breagh:** The last thing I would like to deal with is this matter of non-profit housing in whatever form it might take. Could you tell me how active things are in that area? Is that something that looks nice here or is that really going on?

**Mr. Riggs:** I think the non-profit area, particularly in the city of Toronto and in Ottawa, is extremely active. This year about 3,000 units of non-profit housing will be committed by CMHC. I think one limiting factor may be the slowness that we have encountered in reaching an agreement on providing funds for resource groups.

About a month ago we entered into an agreement with CMHC to provide funding for resource groups under a provincial-federal co-op programme. Our funding is \$300,000 which will be matched by at least \$300,000 by the federal government to allow resource groups throughout Ontario to assist

non-profit corporations in the initiation and development of non-profit projects. Even without that, to date we have been utilizing in the province of Ontario the total allocation of federal funding to the non-profit field under section 15(1) at about 3,000 units. We believe that figure can be increased now that we have funding for resource groups. We will certainly have to bring pressure upon the federal government to increase the allocation of federal funding under section 15(1) to allow an increase in the units in line with what we think is the capacity to match the financial dollars we will need from the federal government.

**Mr. Breagh:** Would you give me some rough idea of what percentage of the current market is in what could be loosely called non-profit housing?

**Hon. Mr. Rhodes:** I don't know that I can give you a percentage on that. Quite frankly, I think it would be very small because the non-profit is really just coming on at the present time. In the last couple of years, it has really started to develop.

**Mr. Riggs:** Yes, three years now.

**Hon. Mr. Rhodes:** It is a very small portion of the market and it is primarily in the areas that Mr. Riggs mentioned—here in Metro. Someone just handed me some numbers. Are there some in Markham and Hespeler now?

**Mr. Hodgson:** There were some sold in Markham just last month.

**Hon. Mr. Rhodes:** Good, there are 256 units in Markham.

**Mr. Hodgson:** And Hespeler before that.

**Hon. Mr. Rhodes:** So there you are.

**Mr. Hodgson:** There is a lot of interest being created at the present time.

**Hon. Mr. Rhodes:** I think what's happening is that smaller communities now are starting to show interest—not necessarily the community, but people in the community. For example, I have had inquiries from labour councils in smaller communities and an unofficial inquiry from a gentleman from a credit union league saying that the credit union would like to take a look at this co-op and non-profit housing. We have encouraged them. We've said: "Come on in. We would be glad to talk to you." It is starting to catch on because it is getting a little more publicity. I think it can safely be said that there are some pretty good success stories in Metro and Ottawa. Timmins has got one up there too and some of the larger centres. It is starting to catch on.



**Mr. Breagh:** Could we just take some time and elaborate on this? I am kind of a proponent of that approach to it all. Do you have a target or any percentage or number of units you'd like to see developed under this approach?

**Hon. Mr. Rhodes:** No, I don't think we have a target. That may be my fault and I freely admit it. I just don't like setting targets and time frames and that sort of thing because I think you just let it go and work like hell to get as many units as you possibly can. You get people out in the field who are working with these various organizations, talking with them, seeing if they have got the capability and getting them into the area where they can get the sort of resource assistance they need, rather than trying to say the goal is X number of units and then feeling awfully bad if you don't make it. I would rather say whatever I make, that was the goal.

**Mr. Breagh:** I understand your attitude, I guess. The problem I have with it is that in no other area of the housing sector is anybody ever reluctant to set a target. That's an indication that this is a for-real activity. In the housing action program, in rent geared-to-income programs, in OHC units and in whatever else, the first thing they do is they cost it out, they have a projection and they say this is our target for this year and this is going to go boom. Sometimes you fall below that, but it's almost that willingness to identify a projected number of units or a percentage of the market or a target area or whatever that's the indication that it is for real and the moneys are poured into that.

Frankly, if I had my druthers, my priority would be this kind of non-profit housing in a number of ways—and there are alternative forms in there that can be expressed—because the people who would participate in that type of program, I have no qualms at all about saying, can utilize what we bought at book value 10 years ago much better than any other way we can. They will be there to play a role in it afterwards. They will participate in the entire process so that by the time it gets to that wonderful day when they can actually buy whatever the unit is they have a major personal investment. It might always be a financial one at that point in time. It might have been just six months or two years of meeting with people, arguing with bureaucrats and trying to find a lawyer who will give you some time discussing it.

All of those things go to make that project far more successful. If you are to support in

real financial terms and in any other way any form of subsidized housing, that has got to be the form that probably deserves it and has traditionally been relegated to "let me see what you can do, guys."

**Hon. Mr. Rhodes:** But isn't it a fact if you were taking conventional housing, single family or even the semis, townhouse units and rental units, you can identify fairly well what your market is, X number of people, X number of units required and this is the sort of goal you would like to go for. I get the impression, subject to those who have been working closer to this than I have and on a more personal day-to-day basis, that the very same people who would be going into the co-op non-profit housing are the same people you would have collected up with those original statistics anyway. You are trying to pull a piece out of the original statistics.

Those people who are looking for accommodation—whether it is rent-geared-to-income or rental accommodation, or perhaps a townhouse purchase even, which is not likely—but in the rental area in particular, they are the same numbers. You get a portion of them out of there. It comes across my desk with some degree of regularity where a non-profit group has been formed in some community. They're approved and off they go and get cracking on their project. Rather than saying I want to get 50,000 units of this in the province, I would rather let them go and develop their projects in communities where the community wants them and where the people in that community are prepared to work to provide them.

**Mr. Breagh:** Okay, I appreciate that. I am saying I would like to see a much higher priority given to this. For example, if we have socked \$1 billion or so into subsidizing the development industry, which we have, why haven't we socked \$1 billion into developing a co-op or non-profit or whatever terminology you want to put to that segment of the industry? Why didn't that segment get the attention and the money?

**Hon. Mr. Rhodes:** The money has been there. Again the program is pretty young and it is just really starting, as I say, to catch on. You really can't wave the money out there. I don't want to throw a lot of money into a budget item and then have the thing not go. I would rather take that money and put it into rent-geared-to-income or family housing or seniors or something like it. I don't think we have had any difficulty in getting the necessary funding for these where there has been any demand for them.

[10:15]

**Mr. Riggs:** I also think that the advisory committee, which is composed of people from the non-profit field who have been working under our minister's direction because he brought them together as an advice to him, had recommended that we proceed at a pace, that the resource groups which should set the targets for their own areas, or districts or locations, and work with other non-profit groups to slowly have this thing built on a solid foundation, has been the backbone of the whole program. Otherwise, we have been allowing non-profit groups themselves, which came together to form the minister's advisory group, to proceed at a pace that they believe, in my understanding of this situation, they can cope with.

There are problems here that in some cases the viability of the project, in terms of cost or in terms of rents, is marginal. I quote Thunder Bay, perhaps Lebreton Flats in Ottawa, where a lot of thought has to be given, and we are spending a lot of time on this. We've got an agreement with the federal government for the funding of resource groups and we think this whole matter can begin to sort of move forward year after year, built on a solid foundation of the non-profit groups themselves with a dedication and a commitment to this particular program.

**Hon. Mr. Rhodes:** There is another thing, too; we've just really started the funding for the resource groups. I'd like to see that get well established. I see Dave Peters sitting back here and he and I, early in my career as minister, had a rather interesting exercise over a non-profit project that, because it didn't really have the expertise, didn't have the sort of resources, got into all kinds of difficulty and it was a hell of a mess. They got some bad advice. They were well-meaning. I don't deny that. So once we can get these sort of resource people available and they can give them the good advice in the right direction, I think the thing will work a lot smoother.

**Mr. Breaugh:** Okay, I accept all of that. All I am saying is that I wish 10, 15, 20 years ago those people who thought OHC, as an example, was the salvation of people on limited incomes who needed some housing, had said, "Let's not really do that. Let's take all of that energy and all of that money and all of that government planning and sock that into some form of housing where people can get together and help themselves."

I'll tell you one of the things that strikes me as the irony of ironies. In the place

where I was born, in Napanee, there is an OHC project. It's there and it's not a bad-looking project either. It's kind of that one that came along in the middle of the stream where things weren't too bad and the really bad initial problems had kind of been overcome. We recognized it really isn't a stockyard, it really has to be a house, and we were beginning to recognize some of the problems in it.

It really strikes me that that kind of a small-town community, 4,000 to 5,000 people, is a totally inappropriate place for a big government agency to move in and put up a housing project. Certainly it was the most appropriate place because there is identification there for people who had the expertise, and the expertise was there because they built a government financed and government approved project all the way through. They did it there. Why couldn't that have been done on a co-op, condominium, non-profit housing, limited dividend or whatever? Why was that option not exercised?

**Hon. Mr. Rhodes:** I suppose at the time nobody was really looking at that particularly, and the development of the rent-geared-to-income sort of project was looked upon with a great deal of favour. Being much older than you, I can go back even further than that, I can go back to the original federal-provincial—

**Mr. Breaugh:** You can go back to the cave.

**Hon. Mr. Rhodes:** Yes that wasn't a bad kind of housing, come to think of it. Pretty solid foundation.

**Mr. Breaugh:** That's right, it was pretty well insulated.

**Hon. Mr. Rhodes:** There was only one exit though, usually. I can go back to the old federal-provincial program where they built single-family units rather than the multiples that we are into now, but there is some mixed feeling about the non-profit housing. For example, in Ottawa, you mentioned Lebreton Flats. The social development council there and the tenants' association want us to build nothing but public housing, OHC projects on the Lebreton Flats. I think they've lost their marbles. Sure, there have got to be some rent-geared-to-income facilities in there, but surely not a huge OHC development on that land? Here are supposedly socially-aware groups, conscious of the problems—the tenants' association and the social development council—going off on a tangent that they



couldn't believe it. Why don't you go down and make a speech to them because you should be very sorry for them. You go. Don't send Cassidy. That would be confusing.

**Mr. Breaugh:** What I feel quite bothered about slapping around here is my own kind of personal socialist leanings. I would very much like to help those who want to help themselves and make them a part of that from before the day the door opens.

**Hon. Mr. Rhodes:** You're a Tory with a socialist conscience. You and I are very much alike.

**Mr. Breaugh:** I'm a socialist who can stand Tories.

**Hon. Mr. Rhodes:** No, you're not. You're a Tory with a social conscience.

**Mr. Breaugh:** Only marginal and on some occasions.

**Hon. Mr. Rhodes:** Encourage—he's another Tory with a social conscience.

**Mr. Breaugh:** You're kidding me. The concept of co-op housing is not new. Twenty years ago when people were looking at how the government should spend its money successfully and put out a good end product that everyone was satisfied with, they could have gone to Gerard Road in Whitby and seen the co-op housing that was put up there. Why was that option never exercised to the same degree that other options were?

**Hon. Mr. Rhodes:** I'm not familiar with how long ago this is.

**Mr. Breaugh:** Twenty years ago.

**Hon. Mr. Rhodes:** The first co-op housing I was aware of in my community—where practically a whole subdivision or a goodly portion of the subdivision of very neat, single-family bungalows was put together—was built under a co-op that was operated by a local church parish. What that was really was a mutual help sort of thing. A whole group of them got together and wanted homes. It was their money and they invested it. I don't think they got any grants from anybody. They just went in and built the thing. They hired one carpenter and he was boss of the whole job. That was done on a co-operative basis, each guy helping the other guy, the old building beat sort of thing. That was my concept of a co-op. Well, I realize now that I was wrong. It was just one form of a co-op.

**Mr. Breaugh:** Maybe the best form.

**Hon. Mr. Rhodes:** Yes, that may be what happened in Whitby too where they got together and built it as a group of people interested in a self-help and mutual-help project.

**Mr. Breaugh:** I think the other part of the difficulty I have with this or the reason I want to pursue this just a little bit more is that I've had some experience working with people who tried to get co-op housing together. I know that the basic problem is that the resources are probably not among those people. They have to go outside. They beg, borrow and steal for a lawyer and an architect, and this, that and the other thing. Very often because the resources they have at that stage are so minimal they settle for somebody who can't quite do the job the way it ought to be done. I want to make the plea that in developing this kind of resource sector to that idea you really give as much time and talent and money as people once did to OHC because I think it deserves that kind of treatment.

**Hon. Mr. Rhodes:** We put the money up there and we have the co-operation of the federal government funding. We are matching each other's funding and the money is there. The resource groups will be formed. That is going to be an integral part of getting these things going and going properly and avoiding a lot of the problems that you identify correctly, of not having the legal expertise, not having the architectural capabilities and such things. I won't mention the project but someone was told he could remodel these buildings for X number of dollars and to go ahead and start on the project. They then find out that nobody told them the houses were 60 years old and had to be rewired. All of a sudden, that cost is unpracticable.

**Mr. Breaugh:** Small things like that.

**Hon. Mr. Rhodes:** Yes, little tiny things that somebody forgot to tell them.

**Mr. Breaugh:** I guess the one that killed me was one in Oshawa called Cordova Co-op which got to the point where everything was there. They thought the federal funding was there but they missed it by a day because somebody wasn't aware that in dealing with bureaucracy sometimes you have to get to where you're supposed to be on time. They missed that one. They put their act together and managed to do another thing which they called a Cordova Co-op in



different place, but they lost their original  
and took a beating on the money. They  
it all of their time and effort and it took  
them another two years to get their project  
together.

**Hon. Mr. Rhodes:** That's why someone  
should never have encouraged them.

Vote 2103 agreed to.

The meeting adjourned at 10:25 p.m.

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Eaton, R. G. (Middlesex PC)

Hall, R. (Lincoln L)

Hodgson, W. (York North PC)

Johnson, J.; Chairman (Wellington-Dufferin-Peel PC)

Rhodes, Hon. J. R.; Minister of Housing (Sault Ste. Marie PC)

**Ministry of Housing officials taking part:**

McDonald, R. M., Vice-President and General Manager, Ontario Mortgage Corporation

Riggs, R. W., Assistant Deputy Minister, Community Development

Wells, D., Acting Director, Technical Services Division



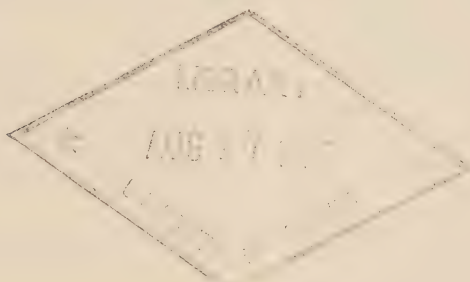
Ontario

No. R-4

# Legislature of Ontario Debates

Official Report (Hansard)  
Daily Edition

**Resources Development Committee**  
Estimates, Ministry of Housing



**First Session, 31st Parliament**

Thursday, June 30, 1977

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC



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## LEGISLATURE OF ONTARIO

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THURSDAY, JUNE 30, 1977

The committee met at 11.38 a.m.

### ESTIMATES, MINISTRY OF HOUSING (continued)

**Mr. Chairman:** We now have a quorum.

On vote 2104:

**Mr. Hall:** I will pass to Mr. Breaugh, if he would like to speak first.

**Mr. Breaugh:** I want to make some comments on this one. Actually there are a number of members who want to speak to the OHC votes in relation to different constituencies, so I would hope that the Chair might be a little lenient in terms of when the vote is actually called. We have a little difficulty with the federal convention.

**Mr. Eaton:** We can't sit here all day and wait for that.

**Mr. Breaugh:** In that case, the obvious answer is that you can listen to me for three hours this morning and four hours on Monday.

Interjections.

**Hon. Mr. Rhodes:** If Mr. Breaugh could give us a list of who the other members are who are coming in, then we would be able to determine whether it would be more advantageous to hear him for three hours or not.

**Mr. Hall:** I face the same problem. I have to contact Vern Singer and I don't know his whereabouts.

**Mr. Breaugh:** There is also one other matter on the vote that we had, 2105. There was a matter that Mr. Wildman wanted to raise with the committee on housing in his riding which might have been under that Mortgage Corporation vote. We did run through that without any difficulty. Because you had some staff problems there, maybe we would allow him some latitude when he comes in on that.

**Hon. Mr. Rhodes:** Mr. McDonald is here this morning. If Mr. Wildman wanted to come down we'd deal with that this morning and solve that, if there is some way to get a message to him.

**Mr. Breaugh:** Yes, I'm not sure if he is speaking on one of the bills. The difficulty

is we've got guys at a convention, two estimates are going and the House is sitting.

**An hon. member:** Everybody has the same problem.

Interjections.

**Mr. Breaugh:** Okay; under Ontario Housing Corporation, the first thing I wanted to deal with was the relationship between the corporation and the individual housing authorities. It strikes me that it seems to be a source of a number of problems as to whether or not the local housing authority actually administers in a very serious way the projects that are supposedly under its jurisdiction and care, or whether in fact it always comes back to guidelines established by OHC.

I'd like to hear the minister, because you have given some indication of some changes in that regard in other areas. Would you like to make some opening comments about that relationship? It seems that every time you get into whatever the specific problem might be locally and you get the arguments flowing back and forth, the last response and the final word always is, "But the OHC guidelines are . . ."

**Hon. Mr. Rhodes:** Very briefly, there certainly are guidelines that are established by Ontario Housing Corporation. We have the overall responsibility for those particular units and those projects in various communities.

So yes, the guidelines are established. We attempt to allow as much flexibility and decision-making at the local level as is possible, but within the guidelines. In fact, assuming that it probably went out just recently, there should be a master agreement that we enter into with the various housing authorities as to the management practices of the portfolio in their area.

**Mr. Breaugh:** Are you contemplating any real change? What I want to deal with is the relationship between the OHC guidelines set centrally and the local housing authorities, which in a certain sense are purported to be the administrators of that municipality's housing projects.

**Hon. Mr. Rhodes:** They are the administrators of those projects. I suppose you could

say they are in the same sort of category as a regional manager would be in the various departments of the ministry carrying out the policies and the directives of the ministry and of the government in that particular area. They do operate within their own areas subject to the guidelines and to the conditions and policies of the ministry.

**Mr. Breaugh:** Okay. In line with the other moves that you have announced of making all of that kind of housing much more a local business, controlled and operated locally, wouldn't it be appropriate now to decentralize some of that policy-making procedure to a larger degree and make that a local thing?

**Hon. Mr. Rhodes:** I have some concerns with that. I think there is a need to keep general control, not the least of which is budgetary control. I think you have to have a consistency across the province in how Ontario Housing Corporation units are being managed. I can't really see allowing a great deal more autonomy of those particular groups outside of the guidelines.

There may be some changes in those guidelines as time goes on, but I think it's important that Ontario Housing Corporation as such should be able to set the guidelines and they should be able to work within those guidelines. They do some interpreting for themselves at the local level; we know that and we have no objection with that.

**Mr. Breaugh:** How are you making the argument that you are very much in favour of local autonomy and that you want the projects to be, almost from the start to finish, done locally from now on, and yet you are retaining the policy there?

**Hon. Mr. Rhodes:** No; I don't think it's accurate to say that we want them to be entirely, from start to finish, done locally. There are methods by which they can provide subsidized housing or assisted housing in their communities where they would have control. There's nothing to prevent, under our present policies, a municipality from developing a building itself and entering into an agreement with us as far as the provision of tenants and the necessary subsidizing of those tenants. But for the most part, in those buildings which we own and which are part of Ontario Housing Corporation's total portfolio, we feel we should have that control over their operating directions.

**Mr. Breaugh:** Okay, I accept a philosophy of some guideline system being there, but surely in the smaller day-to-day things that

all of us have experienced and a number of members I know want to raise, about pets and individual meters and whether you can cut your own grass and where you can grow flowers and all of that kind of stuff, why isn't that done locally? Why do we always get caught up in this major argument with the provincial guidelines set by OHC centrally about that kind of thing?

[11:45]

**Hon. Mr. Rhodes:** Well, you're getting into some pretty small areas of concern.

**Mr. Breaugh:** That's right; why can't those things be done locally?

**Hon. Mr. Rhodes:** There are a couple of things involved, and I probably should be letting Mr. Beesley and Mr. Riggs answer these questions because of their long involvement in this area. But look, when it comes to maintenance of the buildings for example, we're talking now about where there are people employed by Ontario Housing Corporation as maintenance people, and we have agreements with unions that say this is the work that shall be done by the employee, by members of the union.

In the area of pets, I think you need a pretty good policy because you've got adjoining municipalities and you get into all sorts of problems, because in a unit in community A cats and dogs are allowed to run all over the place in the building; right across the street in community B, in another unit, they're not allowed. Our policy, I think, is flexible Beesley, as far as pets are concerned? Is that right, Mr. Beesley?

**Mr. Beesley:** Yes; as far as pets are concerned, Mr. Chairman, the guidelines are laid down in terms of trying to ensure the maximum satisfaction of the living environment for all residents. So that the inclusion of pets, were it deemed not appropriate for a type of building, would be spelled out in the guideline.

For those buildings where it's appropriate, for example town house units which have fenced back yards, the local housing authority makes the decision on whether they generally adopt that policy in total insofar as inclusion is concerned. The decisions are at the local level as to application of the policy, but it's laid down as consistent, so that we have a consistent approach across the province.

**Hon. Mr. Rhodes:** The other thing, too, is I can show you letters I have on file, and I know Mr. Beesley has some files, on tenants who are just absolutely totally upset and angry over the fact that someone has a dog



in a particular building and they're putting up with messes the dogs create in the halls, the odours that are created in some units where people, for whatever reason, aren't as sanitary as they might be. Dogs are allowed to go out on balconies in high-rise buildings, and you know what that can cause for the guy who lives down below. They get extremely upset. Plus the fact that it adds to deterioration of the building, in some cases, where these things are allowed to go on.

But there are people in those units who have pets, who care for them; and my experience has been that in those cases where there is no complaint and nobody's banging on the door or raising heck nobody really bothers them.

**Mr. Breagh:** I want to leave the pet thing because the member for Etobicoke (Mr. Philip) wants to discuss that at some length, but dealing with that type of problem, people come into my office in the constituency, and in here, and they raise with me a number of issues I think are small, local decision-making things that in each case the local housing authority either can't or won't deal with. It always falls back on the central guidelines.

People come in with complaints about no caulking around a window; a door that doesn't fit, that has a half-inch gap underneath; these things are raised locally and each time it comes back to a central policy which says we will approach these problems in certain ways. Why?

**Hon. Mr. Rhodes:** Well that shouldn't happen, quite frankly. The maintenance in those buildings is handled in each of the particular communities; that's a straight cop-out by the local authority or the local manager, because there are budgets available in each of those for maintenance. Most of the portfolios of any size, if not all, have a maintenance person who's responsible for maintenance on their staff. I've run into the same thing in my own riding, where people have said I can't get this fixed, I can't get that fixed. I lean on the manager and it gets fixed, because they have that responsibility and they're supposed to carry it out.

Mr. Beesley points out there is a discretion in their budget to shift money from one area of their budget to another if they need more money.

**Mr. Breagh:** That's the problem I want to get at. It is not clear that the local housing authority has some discretion. Frankly, I think it is quite wrong that somebody has to go to the local member of Parliament to get some caulking around the window or to get a door fixed or to get a small repair

made. I don't like going and talking to my local housing authority about that kind of thing. It strikes me that they should be able to deal with that without any problem.

**Hon. Mr. Rhodes:** They are able to do so.

**Mr. Breagh:** It shouldn't take a call from the member of Parliament to get them to do it.

**Hon. Mr. Rhodes:** I couldn't agree with you more. It's like everything else, if the individuals who have that responsibility decide they are not going to accept it or try to pass the blame off on somebody else, then somebody has got to do it. You are right, you shouldn't be bothered with it; nor should any other member. That is a responsibility of the local authority.

They have moneys in their budget to handle it. As I said, they have the flexibility to move money from one portion of their budget to the other; if their costs start to escalate in that area and they need more money, there is no reason in the world why that should not be handled right at the local level. They do not have to go to central office to put caulking around a window.

**Mr. Breagh:** Let me deal with a couple of other matters that are a little more serious. There is this matter that periodically arises where an individual may for a certain period of time qualify to occupy a unit under the OHC guidelines, and then at a certain point in time he no longer qualifies. They usually turn out to be, almost always in my experience anyway, women who have had children—heads of single-parent families—who no longer quite qualify. The children grow up and leave. The woman is generally in the age bracket of 55 to 60, she has spent the majority of her life trying to raise a family and keep them together so that they are not wards of the court or of Children's Aid, or off in a home somewhere. Society has used that individual to look after those kids for a rather lengthy period of time.

It is ridiculous, in the current job situation and just in straight practical terms, to say that person is going to go out and become fully employed again. They haven't much chance to raise their income level to a point where they are self-sustaining. The society in which those people had to operate put them into a box, and at a certain point in their lives, when they are probably least able to fend for themselves, society turns them loose. How do we get ourselves in that kind of a situation, why does that continue to happen? We had a case in Toronto last fall along those lines.

**Hon. Mr. Rhodes:** First of all, I think it is unfair to say that society has used this person to care for her children. I don't buy that at all, that society is using that person. The person, perhaps, has used society to assist her to raise her children, which may be our role. Secondly, our responsibility is to supply housing, in the case that you are referring to, family housing. During the time that particular individual required assisted housing she received assisted housing, but she has now reached a point where the family have grown, left home, gone off on their own. That person may be occupying a two or three-bedroom facility that certainly is needed by a family as opposed to that individual. To have single persons living in these family units is just not acceptable because we need those units for people with families.

You say the age group is 55 to 60. If they are employable—some of them may already be working, many of them are—then they can as well care for themselves on the open market as any single individual. If they are not employable, if for some reason they are on assistance of some kind they will receive a shelter allowance and will be able to go into the open market and find accommodation for themselves as individuals. But they were cared for—or assisted, let's put it that way—during the time they needed that assistance. I don't consider it OHC's responsibility to provide housing for an individual in a family type of unit when that person is a single person who could be cared for in other ways; albeit perhaps with some other form of provincial assistance.

**Mr. Breagh:** That's okay as a theoretical argument, I don't have any problem with that in theory; where I have the real problem with it is in practice. In practice my guess would be there are not that many people involved, so you are not talking about a substantial portion of the population. There are some for sure, but there aren't that many, it is not a lot.

It strikes me though, that you have raised somebody's expectations to a level—and perhaps I would even go so far as to say you have most likely conditioned them—to a certain type of lifestyle that is unbreakable at that particular point in their existence. You can say, maybe, that some will be employable, but you have to recognize that the hard and fast part of it is that the Treasurer of Ontario (Mr. McKeough) says they really shouldn't have much expectation of going out in the job market. You have to look at the current situation and say that it is un-

likely, male or female, that someone in that age bracket is going to get much of a job, if any job at all.

So the hardnose practicality of it all is that they probably won't get a job. How realistic is it to say to somebody in that age bracket, at that point in her life, with that kind of a life experience up to the point, that we can retrain them. I mean it is just unreal.

**Hon. Mr. Rhodes:** But aren't you bringing in another dimension that really, for purposes of this discussion, doesn't apply; that is that the individual is not capable of going into the job market. Let's assume, as in the instance you used, that you have a single parent, female, who has raised her family, has been living in Ontario Housing accommodation, and has reached that age bracket that you refer to. That person has not been able to work during that time period—for whatever reason, raising a family is probably a good one—so that that person will have been receiving assistance, probably from general welfare or some sort of assistance, mother's allowance, during that time period, and she lived on that. Now that the family has left that doesn't mean that individual has lost her qualification for financial assistance through the various welfare programs. All I am saying to you is I cannot see allowing that individual to live in accommodation that is needed by a family. That person can go into other accommodation as an individual.

**Mr. Philip:** May I ask, is it not fair to say that an awful lot of the way in which this is implemented depends on the discretion of the local manager? I haven't heard of too many instances of this, but I have heard of a considerable number in the opposite end of Metro from my riding, namely the Parkwood Rayoak development in Scarborough. I am wondering how much of it is the discretion of the local manager who decides where to put the squeeze on, at what point. How much of it is OHC policy? Is there a specific policy on this that we can refer to and that is applied universally?

**Mr. Beesley:** I think, simply stated Mr. Chairman, the policy is that as families grow up and the children leave home and the woman returns to the employment market, this accommodation, as the minister has stated, must be freed up. The application of that policy in the field is generally consistent; in the same way that they would deal with new applications, somebody who applies who is under 60, is not permanently disabled and is unemployable, is not eligible for public housing.



**Mr. Philip:** As I understand it, in the particular development I have just mentioned—and again it is miles from where my riding is so I don't know the individuals involved—the squeeze is being put on people who have sons and daughters above 18 who are not going to school. It seems as though the criterion is that this person is over 18—

**Mrs. Campbell:** Get out.

**Mr. Philip:**—whether they are working or not is not a matter of question it's just "get out" because your kids are over 18 and they are not going to school.

This is what has been brought to my attention by some people in this particular development in Scarborough. I am wondering why it happens in Scarborough? It doesn't happen in my riding. Are my managers applying different criteria than the ones are in Scarborough, or what is going on?

[12:00]

**Hon. Mr. Rhodes:** On April 14, in response to the particular incident I think that we all knew about, I responded in the Legislature and I just quote a portion of that:

"I confirm that the present corporation policy will not qualify an applicant or a current resident for continued occupancy for assisted housing if the person is without dependants, under 60 years of age, has no serious health problems and is fully-employable."

**Mr. Breaugh:** But let's be for real, eh. You want to put the label on somebody, that somebody is "fully-employable," but let's use realistic criteria for establishing that label. Let's not say that because they happen to fall into a particular age group, and they are, physically, probably employable, and in somebody else's definition of "employable" they fit. But in the real world, they are not going to get a job. That's the problem.

**Hon. Mr. Rhodes:** I'm saying to you that if they don't have it, if they can't get a job, then there's a possibility that person may well qualify to stay in a one-bedroom unit within our system.

If they are not fully-employable, then there's some question. If there's a health problem, there's some question. Look, I wouldn't entertain, for example, and Ontario Housing Corporation would not entertain, say, someone 50 to 55 years of age who walks up and applies to get into a unit, a single individual, into one of our family units. We won't entertain it. They are family units.

I have a request now, in one particular community, where there are units being

built—where 25 per cent of an apartment complex is to be used for subsidized housing. I have an application from a young couple who have just got married, saying they want to move into one of these subsidized units. We are just not going to do it. We are going to keep those units for people who qualify within the OHC guidelines as they relate to tenant occupancy.

**Mr. Breaugh:** Well, let me put the plea to you. I frankly don't understand this policy of OHC and I don't understand its application, because in some places the rules are obviously different from in other places.

If someone is in that situation—and I'm making the case that it's a very difficult situation, that it's partially their fault and partially not their fault because we raise people's expectations a lot in this society—we provide them with certain assistance up to a particular point, and then in some cases it seems to be "game over" because you are a healthy person. "Go out and get a job." We know they can. We also know, in practical terms, though you might say they can qualify for some other kind of assisted housing, that in the instances we are raising here, it isn't there—or there wouldn't be a problem.

In all instances, what you are doing is uprooting them. The single most-damaging kind of social thing that you can do to them is boot them out of the place where they live. In effect, that's where you're hitting them, where it hurts the most. Could that not be changed, interpreted, implemented in a more humane way?

Suppose you were to say: "Okay, that somebody should be employable. If everything was great in the world that person could get a job somewhere. But it's not great in the world just now, and so we'll recognize that fact and we will not hoof them out. Or we will find them another place. We'll accept that responsibility because we didn't take account of all the things that have happened in this person's life up until that point." Is that so unreasonable to ask?

**Hon. Mr. Rhodes:** No, but one of the things that is done is that the people in OHC work with the non-profit corporations, and hope that persons can find accommodation in those areas. I agree there may not be as many as we would like to have, as we talked about last night. But if you allow that individual to remain in that unit, in essence you are discriminating against someone who is not in an OHC unit, who is perhaps exactly in the same circumstances—and probably one of the weaknesses



of our system is that if you're in, you're in if you're out, you're out.

But there's a hell of a difference between the person who is in and the person who is out. You've got to set some sort of guidelines somewhere. The person who is fortunate enough to reach—well I'll say fortunate—to reach the point that he is now eligible to move into an Ontario Housing Corporation unit, gets in. Somebody who is so minutely below that line, that straw—practically in exactly the same circumstances except for one or two things—doesn't receive the benefits of the OHC programs.

So we have to have some sort of guideline so, that when a person reaches the point where under ordinary circumstances if he were walking up to the door for the first time, he would not really be entertained as a possible tenant, that has to apply to those who once were qualified but are no longer qualified. It may seem brutal and it may seem mean, but there has to be some guideline so that vacancies in those apartments can be created and individuals can move in who have a greater need.

**Mr. Breaugh:** I want to raise with you just three more items, and then I would like to yield to other members who want to discuss them, because they are the three things that bug me the most. One is the point scale routine about who qualifies for OHC housing, whether that is geared to income, whether it is senior citizens or whatever. That is badly misunderstood in the community. I spend just far too much of my time trying to explain to people who have lived and worked in this society for some time that I can't give them an answer of where they are or whether they are likely to get into any of those kinds of units because they have a point system. All of them have had the wonderful opportunity to visit the local housing authority. Whether the information is not presented as well as it ought to be or whether they're telling them things they just plain don't want to hear, I don't know. But the complexity of that point scale about who is acceptable and who isn't is not well understood, and it causes immense problems. It leads to all kinds of innuendoes about influence peddling and that they know somebody, ta-da ta-da, ta-da.

**Mr. Philip:** "There's one vacant around the corner."

**Mr. Breaugh:** Yes, and it is that kind of real problem, frankly, in the small communities like mine, where people know where the projects are. They have driven by and have seen that there is one open there. Or in their office they will know somebody

got booted out last week so that there has got to be one open there and nobody else has been put in yet. Then we are into this wonderful argument that they have a point scale. Can we do something that will make the information more powerful or more available or have some more openness into what actually does happen with that?

**Hon. Mr. Rhodes:** On the point scale, you have to have some sort of criteria to determine who is in the greatest need. One of the real problems I have in my own riding as a local member and on a province-wide basis as a minister is that people tell me: "I was told that I was 25th on the list and 25 units opened up in a new facility and I didn't get one." The difficulty there is that they might have been 25th on the list when they went in to check. As they walked out of the door, they passed somebody coming in who was in worse need than they were and they became 25th, or they went to No. 1 and everybody else got shoved down one.

I agree that people find that difficult to understand. They think that once you get on the list there's only one way to go and that's up until they eventually go into a unit. That just doesn't happen.

**Mr. Breaugh:** Can we not find some means of explaining that to them much better than what we're doing?

**Hon. Mr. Rhodes:** You can explain it many times in what I think is a clear and concise explanation in easy-to-understand language, but if a person is determined he's not going to understand what you say, he's just not going to understand it. They do feel that they're being discriminated against because they haven't been able to make it in. People tell me: "I've been on the list for two years or three years or more." They think they're going to stay on that list until they qualify and there's no one with a greater need than them.

**Mr. Breaugh:** I'll leave that point because I'm sure others will want to pursue it in greater detail. The second thing I want to raise with you is the matter of the rent geared-to-income, how that is arrived at and, in particular, what seems to me to be a perverse effect that is at work there. The amount charged doesn't seem to me to be an equitable amount of money in a number of cases.

**Hon. Mr. Rhodes:** Do you mean it's not enough?

**Mr. Breaugh:** It poses some very difficult problems, I think, for the people who live there. They want to make a case to get out

of there, which I tend to see as being an extremely valid one in that it's accepting the principle that this kind of assistance for shelter is not intended to be, it would appear to me anyway, for the rest of one's life in all cases. It is desirable to assist people for a short period of time to get out of there. It strikes me that the scale used rather works against that in a significant number of cases. If they make a few more bucks, they get hit with a few more bucks. The cycle tends to lock them into it. It tends not to encourage them to get out of there, to get on their own and to become self-sufficient. What particularly bothers me about that is that, again in practical terms, it seems to hit them at the point where their chances of getting out of there, their chances of having a regular job, of making a fair dollar are reasonable—at that point it seems to lock them into that.

**Hon. Mr. Rhodes:** I think you are talking about a very small segment, just as you were a little while ago, of the total tenant population that OHC has around this province. There are a number of variables that you have to take into consideration. First of all it depends on the particular community you're in. If you take in this metropolitan area of Toronto—and particularly I suppose, in the city of Toronto itself—you and I know that there are not too many rental accommodations. There aren't very many rental accommodations available, let us say, that have four or five bedrooms, or even three bedrooms, for rental accommodation. If there are, then rents on those particular units are extremely high.

We'll get a family that will move into one of our units, say a four-bedroom unit, and that person's income is relatively low, and so it's scaled according to his income or her income or combined income. Anyway, they pay that rent and as their income starts to go up so does their rent contribution, the rent payment.

I think I could show you cases of people right now who are living in four-bedroom rental units in OHC who are paying 25 per cent of their income. If you said to them: "Now look, we're taking a pretty good chunk of your income, perhaps you'd be better to go in the open market," there is just no way—because what would be available to them on the rental market would be far beyond what we would be charging them at the 25 per cent scale. They're content to stay there. They fight like hell to stay there, I'll tell you. They don't want to move out. They're not locked in, they

want to stay there. They're locked in because they can't go into the open market because of the high rent, so they are reaping the benefit of being in our units and paying, albeit, a higher scale.

Perhaps you might want to agree with me, perhaps you wouldn't, when I say to you that—

**Mr. Breagh:** Instinct says I wouldn't.

**Hon. Mr. Rhodes:** Well, the instinct is to protect yourself. You won't to begin with. But perhaps we should go back to what was at one time the regulation that when a person reaches a certain level of income, out! Perhaps if they start to pay a rent that reaches what is the market rent in the community they're in—that means they are now able to go into the market based on their income—out! We'll free up those units for persons who are on the waiting lists and have a much lower income.

I stand to be corrected, but I believe it was on representations made by your party before your time, before mine, that that sort of procedure was eventually done away with. But maybe it had some merit?

**Mr. Breagh:** It's also rather drastic. It really strikes me that in all this operation, everybody sets up little lines—we'll take you to that line, but we'll not get you over that line. I frankly don't see why there isn't a portion of your efforts extended to get people over that line, actively. I know you don't care to do that—

**Hon. Mr. Rhodes:** With the greatest of respect—and I say that sincerely, not with the usual intonation behind it—there is a very, very high subsidy being paid now on behalf of persons living in the Ontario Housing Corporation units.

I know this would not find favour in some areas, but really they are a favoured group within that particular range of people with those particular needs. If there was some way of assuring that when they reach a certain level of income, they would vacate that unit—but that assurance isn't there. Don't forget that Ontario Housing Corporation, much to the pleasure, I would say, of your particular party, is subject to The Landlord and Tenant Act as is any other tenant, and you just can't evict people because they reach a certain level of income.

So that if someone who is making that extra income still doesn't pay a reasonable amount for the rent, that person's subsidy is increasing every time that person picks up an increase in salary.

**Mr. Breagh:** But the point I want to make, frankly, is simply this: My bone that



I pick with housing authorities is that they see themselves, as you just put it, as landlords. They run this little piece of the housing stock here and the emphasis, the concern, is: Let's administer that.

I don't argue with that as being a good thing, but I think there is an obligation to do more, to work actively get those people out of there, to help them to get into the private market in some cases, to a different place in other cases, to help them work out of that box.

[12:15]

**Hon. Mr. Rhodes:** In order to do that, would we not have to have the ability to say to a particular family or individual, "You have now reached that magic point, you are now capable of caring for yourself. You have lived in Ontario Housing Corporation units, your income has reached a certain level, you now should be in the open market"? Then I think you may have some way of assisting people to reach that level providing you have the ability to say to them, "Now that you've reached it, you must leave," and not allow them to stay there ad infinitum as many of them will.

We've had experience. Let me quote you Windsor as an example, where they've been experiencing vacancies, believe it or not, in their family housing. The Windsor housing authority has asked if I will allow it to go to market rent and let people stay in those units so they can have them occupied.

**Mr. B. Newman:** It's seems logical if there were a shortage but there is the need for family accommodation.

**Hon. Mr. Rhodes:** Sure, but we still have vacancies—and as long as you've got the mayor of Windsor turning off some of our projects the way they did, I guess we're not going to catch up.

**Mr. B. Newman:** But you're not providing sufficient family accommodations for the community, because I think there are some 500 requests for housing.

**Hon. Mr. Rhodes:** We are supplying what the community will allow us to supply, remember that.

**Mr. B. Newman:** I'm referring to family housing and there's a little over 400 for senior citizen housing.

**Mr. Breaugh:** I think part of the problem is if we could convince the housing authorities that there is a slightly broader perspective to their job than just administering the local housing projects, then I think we would in some measure solve some of these problems. I think you're right, I don't think we're

dealing with the majority of the people in the situation.

**Hon. Mr. Rhodes:** Boy, I'll tell you, I have been a critic of Ontario Housing as much as anyone else, but when you get a little closer to it, Ontario Housing provides today in the units that we have, more services in those projects than in the private market. I know there are times when some of the hon. members present complain to me that they aren't quite as good as they might be, and I'm not going to disagree totally, but we provide more services than you would ever find in the private market. There are social workers, there are people going in—I know the member for St. George has her complaints and I recognize that, but at the same time I think she is—

**Mrs. Campbell:** They don't get answered.

**Hon. Mr. Rhodes:** Having them and getting them answered are two different things. I think she is congenial enough to admit that there are projects in this particular area where we do have things going on in those projects. Hopefully, we'll become more successful, far beyond simply being the landlord.

**Mr. Breaugh:** All right, the last point that I want to raise, because it's my last major bone of contention, is the matter of the tenants' associations, both locally—I find considerable discrepancies from one municipality to the other—and provincially. I really want to raise the point, if our concern simply is to put somebody into some kind of a housing unit somewhere for a set period of time under a given set of rules—which strikes me as not being terribly far off of what we are doing—I understand that, but surely that's not nearly enough? Surely those people are having some difficulty, and we all admit they are having some difficulty, because we admit that they require some assistance.

There is a primary problem, they need a roof over their heads, that's true, but that isn't the problem in long measure. It strikes me that there are effective ways to get them out of there and to get them back into the mainstream of society that they want to be in. I think most of them want to be there. Most of them want to be self supporting, self sufficient.

Why don't we use the mechanism of the tenants' association much more actively than we do? Why don't we have housing authorities that encourage tenants' associations to participate in the running of whatever the project might be? Why don't we take a far more active role in promoting that kind of tenants' association on a provincial scale than we now do? I know you're going



to talk about funding, and that you're funding FOTA, but it strikes me that it requires more of an effort than saying it's legit to have a tenants' association locally and provincially and it's legit that they be funded, at least provincially if not locally.

It strikes me that they need to have an active role to play. You said before that you don't want to put tenants on the housing authority just because they're tenants, but it strikes me that the argument diminishes somewhat when you move into the question of a realistic role for a tenants' association to play, both locally in the administration of the units—whether or not they would sit on the authority, setting aside that question, but recognizing that there's an extremely legitimate role for a number of reasons for them to be actively involved in that part of it—and provincially in setting the policies of OHC.

**Hon. Mr. Rhodes:** We certainly have not discouraged tenants' associations, and I won't go into funding, because you have mentioned it, but we haven't discouraged them. There are in some parts of the province active tenants' associations. It certainly varies from community to community. We will go back to an earlier discussion we had on the question of local autonomy, and in various communities you will see a varying relationship between the authority and that particular tenants' association.

You are dealing with personalities and you are going to have some differences, but no, we have not discouraged tenants' associations. In some of the areas, tenants' associations are involved with the authorities in setting priorities as to what should be done in the projects, assisting in how budget allocations are made, and some of them attend meetings. Do you want to comment, Mr. Beesley?

**Mr. Beesley:** I would only answer that, as the minister has stated, the corporation has supported the tenant movement, the provincial umbrella group, the Federation of Ontario Tenants Associations. The minister's committee to study tenant funding has accepted a proposal and has obtained federal approval to that funding of local associations, and as a matter of fact we have an ongoing committee to be involved in the implementation of that, which has now just concluded its deliberation of the federal response to that proposal that the minister put forward there last June. The actual financial encouragement will now be coming out to the local housing authorities to advise their local tenants associations.

**Mr. Philip:** Has FOTA been advised of this yet?

**Mr. Beesley:** FOTA is in on the discussions. We had a meeting as recently as last week to discuss this.

**Hon. Mr. Rhodes:** I have had some difficulty with the funding of FOTA, and the reasoning is this: there are some areas in this province where the tenants just don't want to be organized into tenants' associations. There are other areas where they are organized into an association but they don't want to be a part of FOTA. They would like to have their own association within their own community and deal with their own people.

The big request I get is from this umbrella organization, FOTA, who come charging in here and thumping the desks and beating their breasts and waving your stickers and saying, "We want money." I am in a position to tell them, "I am not going to dump all the money in your lap." That is how I feel about it right now.

I would much rather perhaps take a look at funding individual associations where they want to stay out of the umbrella association. I am not going to force them to join FOTA, nor am I going to force tenants in an area to belong to an association. They tried up in Sault Ste. Marie to form an association and it fell flat on its face. They just didn't want to be bothered.

**Mr. Philip:** A couple of years ago, though, the ministry rejected a proposal by FOTA that in fact would have done that. As I understand their proposal, it was that OHC would facilitate the collecting of a certain small amount of money per month on rent and funnel it to the local tenants' association.

**Hon. Mr. Rhodes:** That was a checkoff sort of thing.

**Mr. Philip:** An automatic checkoff.

**Hon. Mr. Rhodes:** We didn't buy that either, because we are not running a union, no closed shop, and if tenant A doesn't want to belong, I am sure as hell not going to pick his pocket to make sure he belongs.

**Mr. Philip:** But to refresh the minister's memory on that, you may recall then that they, in fact, were not calling for a closed shop, that it was a voluntary checkoff donation by those people who in fact would want this collected in a simple way in this manner.

**Hon. Mr. Rhodes:** Let them administer their own funds. I don't want to get involved in any way in starting to administer the

collection of funds for tenants' associations. Look, there are tenants in the organization. If they want to organize themselves, if they want to elect their executive, pick a treasurer, have a collector if you want, I don't care. They can get a membership card, but they collect their own money and run their own shop. We will help where we can. If they need some financial assistance and if we commit ourselves to financially assist, that's what we will do, but no, I would not get involved in the checkoff system.

**Mr. Breaugh:** I'd like to end my comments there, mostly because Mr. McDonald's here and I'd like Mr. Wildman to have a chance to participate on that. Obviously the points that I would want to pursue will be pursued by other members.

**Hon. Mr. Rhodes:** Mr. Chairman, Mr. Wildman wanted to comment on a matter that's in Mr. McDonald's area, vote 2105.

**Mr. Chairman:** Yes. I'd like to comment on it as well, for purposes of clarification. I don't think this committee wants to go back and vote an item again, but I think in this case, since we accommodated the minister and Mr. McDonald in advancing the vote, that would deprive Mr. Wildman of a chance to speak on it. So in this circumstance we will go back but it's not going to be a precedent. We're not going to go back on votes.

**Mr. Breaugh:** Yes, and I think we've made that clear, that we're not expecting another vote on the item, simply the opportunity to comment.

**Mr. Wildman:** Thank you, Mr. Chairman. I appreciate that. As the minister knows, I was involved with a very pressing engagement over the weekend and I wasn't able to be down here.

**Hon. Mr. Rhodes:** I just want to comment on that. That's correct. He was involved in a very pressing engagement, consoling himself for the fact that he became a father again on this weekend for the third time. He has three boys and he's trying for a ball team.

**Mr. Wildman:** Thanks very much John. I want to ask some questions on rural and native housing programs.

**Mr. McDonald:** The rural and native program? Ontario Mortgage Corporation isn't responsible for that.

**Hon. Mr. Rhodes:** Oh, I'm sorry. That's Mr. Riggs's vote

**Mr. McDonald:** He's assistant deputy minister of community development

**Hon. Mr. Rhodes:** It's all right, Mr. Riggs is here

**Mr. Wildman:** Well, okay. That's what I wanted to ask about, if that's a misunderstanding, I —

**Hon. Mr. Rhodes:** That's a boy. Sock it to him.

**Mr. Wildman:** This obviously is very important in my riding because there are a lot of small communities under the 2,500 limit with a large number of native people, and I really apologize if I brought you here on the misunderstanding that—

**Mr. McDonald:** No, I was here anyway, sir.

**Mr. Wildman:** Okay. I want to talk specifically about three communities: Blind River, Thessalon and Iron Bridge. My understanding is that in Iron Bridge, the contractor was Ontario Log Homes. A number of houses, I think about eight, have been finished for quite a while, a number of weeks, and nobody has moved in yet because they're not quite finished, and CMHC apparently won't authorize the expenditure or the last outlay of funds and won't allow people to move in until they're completed. The subcontractors in the area have not been getting their pay from the contractors, Ontario Log Homes, for quite a while, because Ontario Log Homes doesn't have the money from CMHC and the province. The people who have been waiting to move in and have been designated as the people who are to get those homes haven't been able to move in. They've been waiting and the houses are sitting vacant.

There's been a lot of controversy in the community about the whole situation. The people who need the homes, the people who are running the program and the contractors all have a great deal of dissatisfaction with the whole situation. That's specifically in Iron Bridge.

In Thessalon, a neighbouring community, there's been a similar situation. I'd like you to tell me what you can about that area. Just recently the people who run the program have been reorganized. New personnel, I think, have come in on the housing society. If you could tell me what's going on in that area, I'd certainly appreciate it and so would the people in the area.

**Mr. Riggs:** You mentioned Blind River, sir.

**Mr. Wildman:** Oh, I'll leave Blind River for a moment until you can tell me about Thessalon and Iron Bridge.

**Mr. Riggs:** I first of all have to clarify the province's role.

**Mr. Wildman:** Twenty-five per cent of the money.



**Mr. Riggs:** That's right. I also have to clarify that the active partner is the federal government, unlike, say, in public housing where we are the active partner. In Iron Bridge, I'm advised by my federal colleagues, the units are not completed and they're not prepared to let people in. Beyond that I'd have to call my federal colleagues and get you a much longer explanation.

[12:30]

**Mr. Wildman:** I appreciate that.

**Mr. Riggs:** For Thessalon, I don't know the situation. It's a matter of calling the branch manager and getting a concise, straight statement from him.

**Mr. Wildman:** Not CMHC?

**Mr. Riggs:** I can't comment. I think I maybe have a better opportunity of doing that than perhaps you, at this point, because they're hedging on a lot of things.

**Mr. Wildman:** They sure are. They're hedging on the whole program.

**Mr. Riggs:** I would undertake on behalf of my minister, in the case of Iron Bridge and Thessalon, to get you concise information as to occupancy, situation, what's happening, subcontract payments and have it for you by the first of the week.

**Mr. Wildman:** I would appreciate that, because I have talked to the manager and I think a Mr. Powell in Sault Ste. Marie, who is in charge of the program there, and they have told me what you have told me, that the houses aren't complete. I understand they aren't complete but they're pretty minor things that have to be done to be completed. I understand one of the problems that the contractor had is, because he's received no money and perhaps his capitalization wasn't what it might be, he can't complete the homes until he gets some kind of payment. There are pretty minor things to be done.

**Mr. Riggs:** I think you know, being much closer to the scene than I am, that their organization perhaps has not been structured to really cope with the problems that they have met, particularly in some of the areas in your communities.

**Mr. Wildman:** That's right. The other question I had on Blind River relates specifically to your ministry. I understand that Cobden township which is adjacent to Blind River has been designated—I talked to Mr. Wronski about this about a year ago—for rural and native housing, at least on a replacement basis, replacement homes rather than new homes. I understand that after a long problem of figuring out who had title

to the land, because people had been squatting on it for quite a long time, they have now submitted a subdivision application, it's been in the works for a number of weeks and they haven't heard anything. I just wonder if you could look into it and find out what is exactly happening there, so that the local people, who have been waiting for a number of years now really to get the program off the ground in that area, could be reassured that they're going to go ahead.

**Mr. Riggs:** I'll do so.

**Mr. Wildman:** Can you tell me anything about Hawk Junction?

**Hon. Mr. Rhodes:** I can tell you a lot about Hawk Junction, but not about the housing.

**Mr. Wildman:** I can tell you a lot about Hawk Junction too.

**Hon. Mr. Rhodes:** The Big Bear Hotel.

**Mr. Wildman:** That's right, downtown Hawk Junction. I understand it has also been designated by the Ontario ministry for replacement housing under the program. I am just wondering if you could look into it and let me know how many units they're looking at, what the demand is there, what the needs demands are, because that also relates to Michipicoten Harbour in the same area, which is in Michipicoten township and has a population that is over the limit.

**Mr. Riggs:** That's right.

**Mr. Wildman:** It also relates to the fact that Michipicoten township has very little OHC housing.

**Hon. Mr. Rhodes:** Hawk Junction as a community is not considered to be part of Michipicoten township, is it?

**Mr. Wildman:** No. It is in the unorganized area, but it is in the planning area.

**Hon. Mr. Rhodes:** That's what I mean, but for the purposes of this program we are talking about, it seems to me that in that sort of an area where you've got a community of Hawk Junction sitting up out there all by itself, the logical thing is to gather it up into the population area and make it a part of the area so that it would qualify if there was a population maximum. I don't think we should leave them to sit out there by themselves and exclude them because of their location.

**Mr. Wildman:** I think Hawk Junction has been designated for replacement housing. I just wonder if that is going to involve anything more than that. Is that all you are looking at, or are you looking at the program perhaps extending into a second phase in



that area? I understand your problems in dealing with CMHC in this, because anyone who has dealt with the program understands those problems.

**Mr. Riggs:** I will get you the information.

**Mr. Wildman:** Okay. That relates to the fact that there's not very much OHC housing in Michipicoten and that leads to the demand for the other program. That's all I have and I would appreciate it if you would get me the information.

**Mr. Riggs:** I will do so.

**Mr. Chairman:** We will revert to vote 2104, and I have the following speakers: Mr. B. Newman, Mrs. Campbell and Mr. Philip.

**Mr. B. Newman:** I will not be too lengthy, Mr. Chairman. I think maybe we should have a time limit on anyone and let them take their turn rather than to have one individual speak for approximately one hour, because there are others who have other things to do also and other committees that they would like to attend. I think you should perhaps set a time limit, allowing the individual to return to the vote later on but not to monopolize the whole period of time. I only suggest that as a constructive suggestion, not trying to denigrate anyone's contribution in the discussions here.

I wanted to ask the minister what the status is of the Norton Palmer project in the city of Windsor?

**Hon. Mr. Rhodes:** That is an excellent question. We were a little confused. I'll let Mr. Beesley and Mr. Riggs speak to that. I have just recently written to the mayor of Windsor and asked that we have a meeting between himself and my assistant deputy minister of development to discuss what happened. Frankly, I think the city of Windsor led us down the garden path.

**Mr. B. Newman:** You purchased the property, didn't you, without any type of an agreement with the city, from what I understand, not having really looked into the—

**Mr. Riggs:** There is a fairly long history here which is documented by council resolution after council resolution. If you're saying we cannot depend upon council resolutions to the Ministry of Housing, the whole structure of good faith goes down the drain.

**Mr. B. Newman:** Are you saying then that the city of Windsor did not act in good faith?

**Mr. Riggs:** No, I'm not. I'm saying at this point—

**Mr. B. Newman:** Don't use the term "good faith" then.

**Mr. Riggs:** I'm saying if we cannot depend upon resolutions of council. You're asking my minister if we had any agreement. Yes, we had a council resolution requesting us to purchase the site.

**Mr. B. Newman:** Okay. What you are saying is the council did not act in good faith.

**Mr. Riggs:** I am saying that the council perhaps did not have all the information at the meeting, that they deferred or turned down the project in Windsor on the basis of cost without looking at certain alternatives and certain other costs, which perhaps they were not fully aware of.

**Mr. B. Newman:** Then the turndown now is as a result of costs?

**Mr. Riggs:** That is my understanding.

**Mr. B. Newman:** It is your intention then to talk with council in an attempt to reopen negotiations so that maybe the project could carry on?

**Mr. Riggs:** That is our hope.

**Mr. B. Newman:** That's your hope? To what extent were the costs the reason for the refusal of the community? Were the rents going to be too high?

**Mr. Riggs:** Once again I have to relate to what I understand from Windsor. The subsidy cost for that building, which is a downtown site on a very difficult parcel of land, as I believe you know—

**Mr. B. Newman:** Oh, yes.

**Mr. Riggs:** —would run well above any other subsidy we have had in Windsor previously, because our last building there was on urban renewal lands where the land was sold to us at a predetermined price. There was also some concern by the city that, having closed a recent non-profit project at very good prices, our prices were somewhat above those, significantly above them.

I won't attempt to hedge on that one at all. I think our costs were in the \$20,000-plus range per unit for one-bedrooms, and I believe the non-profit there was in the \$16,000 to \$17,000 area, although it was being built upon lands that were previously owned by the city of Windsor. Of course, we hadn't gone to tender; we had gone to tender originally, and I might mention that the city had approved the first tender, from my understanding, but we turned it down because we felt the costs were just too high, about \$22,000.

We requested the architects to redesign the building, cut it down a bit, take any kind of frills off, if there were any, particularly

the shoring close to the Capitol Theatre. We moved the parking back a bit, took a couple of parking levels off, because the city had decided to place a parking garage on the opposite corner.

We went back to the city, it is my understanding, with a revised plan which we felt would come in at a certain figure. They felt that that figure was too high in terms of subsidy. This is one of the points that was not brought out at the council meeting, that we can get this building under way this fall. It's a \$7 million construction contract. That's our estimate. Then if we have to look for alternative sites, or if the city looks for alternative sites, and we go through a rezoning process and things of that nature, we're talking 18 months away for a start.

I hate to say this, with my minister being responsible for planning as well as for development, but it could be 18 months away from the start, and the cost that we were submitting to city council could be identical to or less than the cost 18 months from now, since the waiting list in Windsor is significantly high. We are looking at alternatives to assist the city, and I believe the housing authority is appearing before city council on July 18 to discuss rent supplement—the ARP program; how many units we can get out of the ARP program.

Once again we have a quota from Central Mortgage and Housing Corporation for the province as to how many rental units we can participate in each year. I think it's really a problem in that perhaps some of the costing, some of the longer-term alternatives the city wishes to look at, may not be as attractive as perhaps the information which was provided to them at that particular meeting. We would like to sort of clarify that we are both talking to the same information.

**Mr. B. Newman:** Did you not pay too much for the property there with the building on it?

**Mr. Riggs:** Oh no, I think in my discussion with Bob Ballard, the cost per unit for each senior citizen apartment was about \$1,200 including interest cost. Even Mr. Ballard, the manager for CMHC, indicated our land cost was quite reasonable.

**Mr. B. Newman:** I hope you can resolve the issue, because the demand in the community is still approximately 400 units needed for senior citizens alone, in addition to a substantial number of family accommodations. To what extent were you going to

supplement, according to the city's plan, the latest city plan on the Norton Palmer site?

**Mr. Riggs:** I'm sorry, would you clarify that?

**Mr. B. Newman:** The amount of supplement you would have to provide per unit.

**Mr. Riggs:** Oh, subsidy

**Mr. B. Newman:** Yes. I should have said subsidy

**Mr. Riggs:** The subsidy was in the \$300 category

**Mr. B. Newman:** That's \$300 per unit? So you would be renting the accommodation to the senior citizen, according to income, and supplementing that to the extent of \$300 a month. What you would be doing, as you are in all of your units, is having two classes of senior citizens—those who live in private accommodations whose rental is not supplemented, and those who live in geared-to-income housing, who, in the case of the Norton Palmer site, could have their rent supplemented to the tune of \$300 if you went on the former project.

**Hon. Mr. Rhodes:** Exactly correct, Bernie, and that's exactly the point I was making earlier in a discussion with Mr. Breaugh. That is, our subsidies continue to rise and rise and rise, and those persons who are fortunate enough to qualify to become residents in our Ontario Housing Corporation units, do see a very high subsidy. They do receive extra benefits, financial and otherwise, for being in those units, as opposed to those who are living in the private sector and are not able to qualify to become—

**Mr. B. Newman:** Or those who can't get accommodations because you don't have the accommodations.

**Hon. Mr. Rhodes:** Or those for whom we don't have the accommodations available. That's why I am determined to do as much as I possibly can to attempt to reduce those subsidies per unit—not to reduce the amount of money that will be spent on providing housing but to reduce the subsidy per unit—so that some of that money can then be applied to providing more units. When you get to a position of spending well over \$200 million a year on subsidized units, that \$300 figure—I noticed you were really a bit uptight about that, and I don't blame you, but that's becoming almost average.

[12:45]

**Mr. B. Newman:** For the province?

**Hon. Mr. Rhodes:** In the major cities.

**Mr. Riggs:** In Metro today, any of the new projects being approved by the Metropolitan

Toronto Housing department is going to have a subsidy in the same range, \$275 to \$300, depending upon the location.

**Hon. Mr. Rhodes:** Per month per unit.

**Mr. B. Newman:** Per month per unit? What is the Windsor range—the lowest to the highest now?

**Mr. Riggs:** I'll have to guess here, and I'll confirm this to you in accurate figures. I would say in terms of senior citizen units in Windsor now, and we're taking the oldest and the newest, the average subsidy would probably be \$200.

**Mr. B. Newman:** Two hundred dollars?

**Mr. Riggs:** I would think so. Average rent is around \$55 to \$75. We're paying full taxes, our heating costs are going up like those of any other landlord, and our rent scale, even though it is 25 per cent basically, includes everything. It includes heat, light and so on.

**Mr. B. Newman:** I knew it was fairly high, but I never for one moment thought it was 100 per cent more than originally estimated.

**Hon. Mr. Rhodes:** This is why I find some difficulty in relating with Mr. Breaugh when he tells that I should be doing something to reduce the amount of rent or percentage of income that people are paying towards their rent in these units. I know it sounds very callous and hard and all that sort of thing but it's not, it's just basic, practical economics. We're pricing ourselves into oblivion with this sort of thing.

**Mr. B. Newman:** I have more to ask, but I want to be fair and give someone else a chance, so I'll ask later. I want to spend maybe two more minutes.

**Mr. Riggs:** May I say, sir, that our taxes and principal and interest payments probably now equal our revenue, so everything else becomes a subsidy. Our taxes have risen as fast as our principal and interest, because Central Mortgage and Housing Corporation changed the rules on public housing and went to almost the market rate.

**Mr. B. Newman:** Would it not maybe be cheaper for you to go into an expanded rent supplement program instead?

**Mrs. Campbell:** That's what we've been saying.

**Hon. Mr. Rhodes:** So have I been saying that as well, but if you could use some of your influence, my dear, and I say this with a great deal of respect, knowing your influence is substantial—

**Mrs. Campbell:** Oh yes.

**Hon. Mr. Rhodes:** If you talk to some of your friends, and I talk to some of mine, in Ottawa—

**Mr. Hall:** The federal minister, Ouellet, is starting to move.

**Hon. Mr. Rhodes:** He's starting to, yes. I've been impressed with his approach to things but I think he has to go a little further. I think we have to have this quota thing kind of taken off us a bit and give us some flexibility so that we can move around, and where rent supplement is the most practical let us go that way. That's one of the reasons we went to the private assisted rental program, because we find that by allowing private developers to build the buildings and enter into agreements with us we can reduce our subsidy per unit, particularly with seniors.

It is a way of providing just as good accommodation but at a lower cost, and this is why we've gone this way. Mrs. Campbell, what we do under the private assisted rental program—and I don't know whether you have seen any of the private assisted rental projects, because they've just got started, none of them are built—

**Mrs. Campbell:** What I've seen is a supplement.

**Hon. Mr. Rhodes:** Oh, the supplement. No no, in the private assisted rental, these units are built to our standards under agreement we make with the developer.

**Mr. B. Newman:** Why don't you go into the rent supplement program in private accommodations? You have a senior citizen, well housed at present, but he can't afford the rental and as a result asks for accommodations from you which are subsidized to the extent of \$300 a month. That is more than he would be paying with his portion of the rental and your portion of the rental.

**Hon. Mr. Rhodes:** We do some of that, but I tell you, when talking about costs, be very careful of going into such a situation as you're referring to. It starts to become universal and it's very difficult then to really serve those who are in the greatest need. It makes it much more difficult to hold down your costs, because you and I both know what universality of this type of program can end up costing in the long term. I think we have to have the flexibility of being able to be selective rather than have it on an open-ended basis.

**Mr. B. Newman:** All right, you can still be selective. You have the senior citizen living in accommodations in which he is sat



sified, the rents are going to be increased beyond his ability to pay, why don't you supplement that in the same way that you supplement geared-to-income rental?

**Hon. Mr. Rhodes:** We do some of that.

**Mr. B. Newman:** You may not be doing sufficient of it in some communities. Maybe it isn't applicable to all communities but it might be in others. I know a lot of senior citizens in my community are satisfied where they are, but can't afford to be paying the rental. Yet the rental would be by far less than the supplement or the subsidy that you are paying on an average in the city of Windsor.

**Mr. Riggs:** Mr. Chairman, I think there's fair agreement with your statement. I think anyone at this table would agree with your proposal, but following that proposal down to its economic cost, we do it on a case-by-case approach by the housing authority if there is a particular situation which occurs, particularly with handicapped persons and things of that nature, yes. But I could say quite simply at the moment the minister has on his desk something like 3,000 or 4,000 units requesting subsidy in situ where we're looking at substantial millions of more dollars. If you extend that across the province to any senior citizen who pays more than, say, 25 per cent of his income in rent, the cost becomes substantially higher, and we, once again, have a quota from the federal government in terms of subsidy as to where it goes.

So we have a queuing-up and whether or not anyone agrees with that queuing-up system, until we find some way of having, let us say, a greater amount of funding in terms of subsidy, some system has to be arrived at so that persons are treated equitably in the queue. Basically, our whole approach to building rent supplement, plus the point rating system, is a queuing-up system to some degree to ration the units that we have to go to the greatest need. I think anyone here, if we could find some way of doing it reasonably inexpensively—

**Mr. B. Newman:** I could carry this on but it would be unfair to other members.

**Hon. Mr. Rhodes:** One point, though, that I want to make with you is that what you so would be arriving at is no longer a housing problem—it's no longer then the question of the Ontario Housing Corporation or the Ministry of Housing getting involved in this area—you're now into a social service program, which is really a housing supplement, money in the hands of the individual to do this.

**Mr. B. Newman:** You're into it now anyway with Ontario Housing. It's the same thing. The money's are coming from the same sources. You are supplementing to the tune of \$300 a unit in Windsor, on new construction.

**Hon. Mr. Rhodes:** We at least own and manage the buildings. If we're going to get into that, if that was to be an accepted philosophy my strong suggestion would be that that sort of financing should be funded through what it should be, and that is a social service program, rather than through a housing sort of component.

**Mr. B. Newman:** I could give you a good argument on that but I don't want to take up the complete time here.

**Mrs. Campbell:** Mr. Chairman, I have a general question which relates to the moneys indicated for Ontario Housing Corporation. In view of the fact that we have had a reorganization in the Ontario Housing Corporation, in view of the fact, and I quote, "We now have a department which is ready to be transferred as—" and I quote specifically "—a package to Metro," how much of this money would go if that department is transferred to Metro?

**Mr. Beesley:** Mr. Chairman, is it the \$134 million figure the member is referring to? That encompasses the capital dollars in terms of the payments to contractors who are building subsidized housing throughout Ontario. We have very limited new units under construction right now within Metropolitan Toronto, mainly in the HOME subdivision in Malvern.

The balance, by far the largest portion of that \$134 million, is the provincial share, that \$200 million figure that the minister mentioned, of the cost of this program for 1977-78. It's the provincial government's 42½ per cent share so, in fact, that would continue to be paid by the province whether the units were managed by OHC under its direct management operation that presently exists or under some other form of management organization or agency in the Metro area.

**Mrs. Campbell:** In preparing for this transfer, should it take place, is there contemplated within this ministry any change in the funding arrangement which Metro has vis-à-vis senior citizen housing? Is it the only place in the province where the funding is 50 per cent federal and 50 per cent municipal?

**Hon. Mr. Rhodes:** Not any more.

**Mrs. Campbell:** You have others?

**Hon. Mr. Rhodes:** No, Metro is not doing that any more.

**Mrs. Campbell:** When did that change?

**Hon. Mr. Rhodes:** Last year.

**Mrs. Campbell:** So what is the present situation?

**Hon. Mr. Rhodes:** Metro is treated exactly the same as any other municipality—50, 42½, and 27½ per cent for rent-geared-to-income.

**Mrs. Campbell:** Thank you. That's a help. I hadn't caught up with that one.

**Hon. Mr. Rhodes:** I have always felt that Metro was not any different from anybody else. Treat them all equally.

**Mrs. Campbell:** They've had special treatment through the years, 50-50, and no provincial participation.

**Hon. Mr. Rhodes:** At Metro's request. They wanted to take the biggest shot.

**Mrs. Campbell:** All right, now to some specifics: If management is transferred to Metro, is Metro then stuck with management contracts which you have entered into? What is the time at which they may get out of those contracts if they deem fit to do so?

**Hon. Mr. Rhodes:** I think if Metro is going to manage the operation I would expect it would honour any contracts that were in existence—they are all relatively short terms; three years—and then do as it wishes.

**Mrs. Campbell:** Could I get some idea—let me give you a for instance—in St. James Town, how much is left of term on the management contract by the private sector?

**Hon. Mr. Rhodes:** They expire at the end of August this year.

**Mrs. Campbell:** Then I would assume there would be no extension by the province, pending determination of the transfer?

**Hon. Mr. Rhodes:** No, I'm afraid your assumption is incorrect.

**Mrs. Campbell:** That's what I'm afraid of.

**Hon. Mr. Rhodes:** You are afraid that you are incorrect?

**Mrs. Campbell:** I'm afraid you are going to extend those contracts.

**Hon. Mr. Rhodes:** We have retendered them. We have retendered, called for tenders for management contracts.

**Mrs. Campbell:** Mr. Chairman, I have raised this issue so many times, both privately and publicly, I have a great concern for management by the large developers in public

housing, and I have expressed my concerns to you so often. I am sorry that I have not produced sufficient argument to cause you at least to look at some of the points I've raised.

I certainly would say it is incomprehensible to me that Metro, if that were the case, should be placed in that position, particularly in St. James Town, where you have all of the mixed use in one giant project—the conventional, the limited dividend and the Ontario Housing.

[1:00]

There has been no way yet that I know to really understand, for example, such a thing as the true costs, because of that kind of mix, with the same people in control of the whole project either personally or by management agreement. I would urge the minister, at least there, to take a very good look before he would continue that kind of an arrangement.

**Hon. Mr. Rhodes:** As far as the costs are concerned—and I notice Mr. Philip is kind of agreeing with you—last year in my estimates I presented all of you with total budget books of all the projects that we have in Ontario.

**Mrs. Campbell:** Yes.

**Hon. Mr. Rhodes:** And again this year. So you have all of that as far as the costs are concerned. I am at a bit of a loss to know what else it was that you wanted.

**Mrs. Campbell:** If I may give an example which may clarify my concern, in the attempt to arrive at the costs which were placed by the owners of the limited dividend units in St. James Town it became quite clear that what seemed to be costs ascribed to limited dividend may well have been costs which were mingled costs vis-à-vis the conventional building. We have never been able to get a proper breakdown, although using all my great influence in Ottawa, and with Barney Danson, I did try to get an audit of the books to understand whether there was indeed some mingling. That has its implications in the management costs of Ontario Housing, or could have. I shouldn't say it does; it could have.

**Hon. Mr. Rhodes:** We do have an annual audit of the private management operations. We have one each year.

**Mrs. Campbell:** Yes.

**Mr. Chairman:** I'm sorry, the time has expired. We will resume on Monday after noon.

The committee adjourned at 1.03 p.m.

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No. R-5

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Housing

**First Session, 31st Parliament**

Monday, July 4, 1977

Afternoon Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC

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# LEGISLATURE OF ONTARIO

MONDAY, JULY 4, 1977

The committee met at 3.37 p.m.

## ESTIMATES, MINISTRY OF HOUSING (continued)

**Mr. Vice-Chairman:** Ladies and gentlemen, I guess we can call this meeting to order. We certainly are glad to see that the minister was able to cut his way through the fog and get here for this afternoon's proceedings. I believe when we adjourned last Thursday, Mrs. Campbell had been holding the floor so we will turn now to Mrs. Campbell.

On vote 2104:

**Mrs. Campbell:** Thank you, Mr. Chairman. I think we were looking at the matter of audits. There is one thing I would like to draw to the attention of the minister, since he has said, of course, that they conducted an audit of these management contracts. For example, again in the St. James Town area, on the matter of security, my information is—and I am subject to being corrected if I am wrong—that the security firm employed for the management of the Ontario Housing units is a subsidiary corporation of the management team, the management company.

I wonder whether there has been any investigation to see whether one could provide better security by direct employment or anything of that nature. It wouldn't be the subject of an audit particularly. I am sure they are probably paying their subsidiaries what they say they are paying them, but this is the kind of investigation that I think would be useful to anyone looking at the privately run management of public housing.

**Mr. Beesley:** Mr. Chairman, perhaps I could help the member in terms of our philosophy on the aspect of the private management operation. The corporation, as was mentioned on Thursday, has recently re-rendered the private management operation in the Metropolitan Toronto area. The renders only recently closed and we are reviewing them, but part of the responsibilities of the private firms is to undertake the provision of that form of security that might be deemed necessary for the particular projects that they are tendering on, to the extent

that to do maintenance work and security work sometimes the private firms employ companies which are allied to them in their own private management operation.

This is not deemed inappropriate. The prices that are paid within the budget submitted by the company, and these budgets are reviewed by us, are comparable to what is available in the private market today. The firm in question there, if I am correct, is Allied Security and the amounts that were provided within the budget for that particular service were certainly comparable to what was available in the private market. As far as OHC employing its own private security employees is concerned, no, this is not considered a viable alternative.

**Mrs. Campbell:** You are satisfied then, I take it, with the provision of security by the management firms. I am thinking of 200 Wellesley Street, if I may use that example, which has 2,300 persons with two security guards on shift. You think that is an adequate provision of security for such a population?

**Mr. Beesley:** I suppose the perception of security differs from the resident's point of view, from the management's point of view and perhaps even from the Metropolitan Toronto police department's point of view.

As taxpayers of the Metropolitan Toronto area—and, incidentally, the corporation will be paying in 1977 in the area of \$19 million in grants in lieu of taxes to Metropolitan Toronto—we believe that security through the Metropolitan Toronto police department is a requisite of other services that are offered to the corporation and other landlords. Security, I suppose, must be defined before you determine what is being provided, whether it is almost a doorman type of operation or a more sophisticated form available through one of the companies that OHC has a relationship with, the Community Guardian Company Limited, which provides another form of social preventive type of security work in the corporation's large multi-unit family projects. There is quite a range of security responses in relation to various security needs as perceived by individuals.

**Mrs. Campbell:** Have you had an opportunity to examine the costs flowing from the damages which occurred on the eve of Canada's birthday at 200 Wellesley Street? What type of insurance coverage have you had? I would be interested to know, because it would seem to me that again perhaps it does pay to have people on each floor, rather than to allow vandalism, if in fact it were vandalism, to occur which I would think has probably resulted in pretty extensive damages.

**Mr. Beesley:** We haven't obviously, at this point been able to ascertain the extent of damage in terms of a dollar figure, but to address the question of whether investment of additional funds in security would prevent the type of isolated acts which might be vandalism or might well prove to be vandalism, there are investigations under way in terms of the description of the person who was seen doing it. If you add up the cost of providing a security employee—and I wouldn't suggest this—on every floor of an apartment building—

**Mrs. Campbell:** I am not suggesting that.

**Mr. Beesley:** You would almost have to in order to ensure that an isolated incident such as you describe wouldn't take place, because you could well have the officer walking along the 12th floor when some other isolated episode was going on on the 8th floor and there would be no way he would know until he descended through the building and arrived at that point. Obviously he wouldn't have been able to have prevented it during the time that he was absent from that particular floor.

**Hon. Mr. Rhodes:** I think the same thing probably applies in any sort of general security attempt, or even a policing attempt. You just can't be everywhere at the right time. What is that expression that so many people have said to me, "I never find a policeman when I really want him." It is when you don't want him, when he catches you doing something wrong, that is when you find him.

[3:45]

We don't for a moment try to downplay or say it is not important, this sort of vandalism you experience in a number of projects that are around, but I think I try to relate that to other public facilities, such as the degree of vandalism experienced by school boards in the course of a year. My understanding is the school boards have, in fact, tried to determine what the cost

would be and what the savings might be if they were able to have a security officer at each of their various institutions. They just say it isn't worth it; they're better to take their chances on the police apprehending vandals or preventing damage, rather than trying to employ a security person at each of their facilities.

**Mrs. Campbell:** Who determines the degree or quantity of security for a building of that size? Is that a policy of Ontario Housing or is it a policy of the management firm that is looking after it?

**Mr. Beesley:** It's actually a combination of both. The individual firm that has been employed in that particular building to this point in time is, of course, the original developer and is the firm that has been managing it on OHC's behalf since those particular buildings were completed. I could suggest that the decision on the quality of security, if I might use that expression, or the specific—

**Mrs. Campbell:** Quantity, I think, is a better expression. It's difficult to get into terms of quality when there is such a rigid limitation on the powers of security.

**Mr. Beesley:** That's right. I think the minister was suggesting, quite rightly, it becomes a matter of cost-effectiveness in this quality and quantity. You might add an extra guard or an extra employee whose sole purpose is, say, to check on doors and walk up and down hallways in two or three underground parking lots, but the point is reached at which it's not cost-effective to add further employees and that's a process that takes place in the actual experience of operating. It's not something that's laid down based on some predetermined formula. Some buildings really only need a doorman type of service and even that is not very cost-effective.

**Mrs. Campbell:** I don't know where that is. Could you tell me where you would suggest you need only a doorman?

**Mr. Beesley:** I'd rather not identify projects we think are in that particular category but there are a number which certainly would fit that pattern.

**Hon. Mr. Rhodes:** Let me just add to that, too, that I would be a little reluctant to get into the quantity sort of thing, quality is another factor, but in quantity I wouldn't like to think that we would be accused, and I think we would be very quickly, of imposing another level of police, if you will on top of the tenants. I wouldn't want to see us putting a lot of security people into



certain areas where the tenants start to feel that they are being harassed, where they felt that every time they turned around there was somebody in uniform peering over their shoulder and watching their day-to-day routine. I'd like them to have a feeling within that building that if they need a security officer they would be able to contact someone to report to, but I really wouldn't want to start having a uniformed guard marching up and down the halls of each building.

**Mrs. Campbell:** I think it's interesting, and I probably would have shared your view if it weren't for the fact that I know I was instrumental in arranging for an additional security officer in one of the buildings at the request of the elderly people who had had purses snatched and had been knocked down in the corridors of their own building. I think they would have been happier to see somebody in uniform than to worry about your concerns in that area.

**Hon. Mr. Rhodes:** But, Mrs. Campbell, the same thing applies. You mentioned a building with 2,300 tenants in it. We have communities in this province with a population of 2,300 or less that are communities. People get their purses snatched in those communities as well. Going back to what Mr. Beesley said earlier, I often think that we, OHC, you and I as elected representatives, are perhaps not really receiving the type of policing that should be expected from the regular police authorities in the community because of the fact that they assume that we should be doing that sort of internal policing ourselves. On the contrary, I think we offer a security system to handle the internal problems in the best way we can. But when it becomes a policing matter, then I think that the Metropolitan police have a responsibility to those tenants, as taxpayers, as much as they have to anyone else.

**Mrs. Campbell:** I'm delighted that you take that position. It goes along with the logic, it seems to me, of refraining from entering into these agreements until at least one determines at what point Metro will be taking over the management. I think your logic is inescapable—if you follow my logic in that.

**Hon. Mr. Rhodes:** Surely, you're not suggesting that the Metropolitan Toronto police would react more favourably to units being managed by Metropolitan Toronto than by S. Surely, they wouldn't discriminate against S.

**Mrs. Campbell:** I don't know what they would do. But I would suggest that you might give them that opportunity.

**Hon. Mr. Rhodes:** To discriminate against us?

**Mrs. Campbell:** No, to prove themselves!

**Hon. Mr. Rhodes:** Oh, I see.

**Mrs. Campbell:** I did ask about the administrative costs that would go over to Metro if the package were arranged. I got a very strange answer. There is a difference between the amount charged to operations in this budget and the recovery. Do I take it that no portion of that difference would be transferred to Metro on the transfer of administration?

**Mr. Beesley:** Certainly, Mr. Chairman, the arrangements with respect to Metro's share of being 7.5 per cent of the total operating loss would be unchanged.

**Mrs. Campbell:** Yes, I recognize that. But I just wondered if there were anything additional.

**Mr. Beesley:** We're not aware of anything additional.

**Mrs. Campbell:** I see. Thank you. Then I have one other question on a specific and then I'll let somebody else in. I don't think it's a general problem, but where you have a person who is on a disability pension and that person, who is living in the community, goes into hospital for a prolonged stay his rent is not covered by FBA during that period, although I believe it is in Ontario Housing. At least, I've never had any complaint from OHC tenants. Does the minister feel that if that is the case, and the person is released from hospital with no place to go that person might then, because of the action of another ministry, have top priority in getting into Ontario Housing in order that he might be assured of some place to live since he also has to face overpayments by FBA, making it an almost intolerable financial problem for him on his release from hospital. Would there be any way that your ministry could co-operate with FBA in order to relieve such people of some of the burden of anxiety in such cases? This kind of worry is likely to keep a person in hospital for a much longer time, if you don't do something.

**Hon. Mr. Rhodes:** I don't think that I would want, to say without qualification, that a person on a disability pension or receiving general welfare assistance, who suddenly went to hospital for a prolonged period, would automatically be at the top of the list



to qualify for entry into Ontario Housing Corporation units.

I think what we'd have to do is deal with each case on its individual merits. Frankly, I recognize what you're saying, in that a person in hospital does not receive sufficient funds through community and social services to cover their rent while they're in hospital.

**Mrs. Campbell:** That's correct. I've never had anyone in OHC put out as a result of any problem of that nature, but it seems to be the case in the community at large.

**Mr. Eaton:** Perhaps they are getting their money from a pension or something, which wouldn't be stopped.

**Mrs. Campbell:** If it's on FBA I would think it would be the same pension.

**Mr. Eaton:** I've run into a case where a senior citizen was in a nursing home and FBA didn't pay the supplement for extended care coverage while that person was in hospital.

**Hon. Mr. Rhodes:** You've raised something that I am not familiar with—

**Mrs. Campbell:** If I may, I will send you the particulars. Perhaps you could take it under advisement, because it is a concern.

**Hon. Mr. Rhodes:** In our units—as I understand Mr. Beesley—if a tenant goes to hospital, he still continues to receive the rental portion of his benefits, whatever it may be.

Are you suggesting to me that if a person is living in conventional housing and goes to hospital that this part of the benefit is terminated? Do they no longer receive the rental portion of their benefits?

**Mrs. Campbell:** It came as a surprise to me, Mr. Chairman. I did have a case and we did check it out with the FBA. They confirmed that in this case it was correct. Also, that the tenant builds up an overpayment for the balance of it, which they'll never catch up with.

**Hon. Mr. Rhodes:** I'd like to check on that, Mrs. Campbell.

**Mrs. Campbell:** I'd be happy to send it over.

**Hon. Mr. Rhodes:** You've surprised me that the shelter component—if I understand what you are saying to me—is terminated when they go to hospital.

**Mrs. Campbell:** This has been confirmed by FBA to our office. It's the first case I've had.

**Hon. Mr. Rhodes:** Again, I'm asking so I can get the right answer—is this applying now to the administration of the programme at the municipal level or at the provincial level?

**Mrs. Campbell:** FBA, that is provincial.

**Hon. Mr. Rhodes:** Provincial.

**Mrs. Campbell:** I believe it's provincial right now. It may shortly be municipal but it's provincial at this point. I'll send you the details and ask for some assistance.

**Hon. Mr. Rhodes:** Have you taken this matter up with the Minister of Community and Social Services (Mr. Norton)?

**Mrs. Campbell:** We took it up with people in the ministry who, to my surprise, confirmed the policy.

**Hon. Mr. Rhodes:** Mr. Chairman, on Thursday last, I believe, in a response to the member for Windsor-Walkerville (Mr. B. Newman), Mr. Riggs gave some numbers as they pertained to Windsor that may not have been quite as accurate as they might have been. He would like to correct those figures for the member.

**Mr. Riggs:** Mr. Chairman, I always have problems with figures in Windsor, perhaps having come from there. The figures I was quoting from memory were the full recovery rents that were projected for the original Norton Palmer site—and I would like to correct those for the members' notes.

The full recovery rents projected for the Norton Palmer site, revised building, will be \$287.96 per unit per month. That's a full recovery rent. We are projecting in 1977—if the building was complete in that year, and, of course, these figures will inflate—rentals of \$72 per unit, leaving a subsidy of \$215.96 per unit per month.

The member also asked me the average subsidy in Windsor of the senior citizens units there at the present time. We have a total of 1,452 units of senior citizen housing in Windsor. The average rental that we are receiving is \$62.25 projected into 1977. We are using 1977 budgets which were distributed to all the housing critics. The full recovery rent is \$188.74 and the total subsidy—federal, provincial and municipal—is \$126.48. And to clarify that figure, projects include all the projects starting with our first which was a project called Glengarry Avenue, where the projected subsidy is \$107.62 in 1977, to our latest project, which is on Mill Street, where the subsidy is \$176.90 projected into 1977. In between those are a number of projects with varying types of subsidy. I apologize for not waiting for the information to be provided and trying to give it to you from memory.

[4:00]

**Mr. B. Newman:** Reading from a new release, I notice that Mr. Neil McPhee, who is the Windsor authority chairman, make

mention that the full recovery for that 231-unit building—the Norton Palmer building—would run to \$316 a month. Now that's quite different from what you are saying—that's a \$30 difference.

**Mr. Riggs:** The original building, which was tendered, came in well over budget, as I mentioned last Thursday. I did have a full recovery rent in excess of \$300. The building that we are discussing now, where we took off two levels of parking, reduced the size of the building somewhat and simplified some of the engineering techniques, has a projected full recovery rent, given to the city of Windsor and included in our documentation in CMHC, of approximately \$287.96 per unit per month.

**Mr. B. Newman:** In the Norton Palmer site, why wouldn't you have consulted with your own authority in the city before you even went as far as you did?

**Mr. Riggs:** To the best of my knowledge, Mr. Ruta, the manager in Windsor, and Mr. McPhee had been involved from the initial purchase of the site. They were in council when Mr. Barry Rose, previously the general manager, appeared before council when the building was approved to go to tender. In fact, to the best of my knowledge, the members of the housing authority had been kept advised, either by Mr. Rose himself, the previous general manager, or Mr. Knox, who is the co-ordinator for that area, or by Mr. Tonking, who is the acting executive director of housing development. I stand to be corrected on that point.

**Mr. B. Newman:** Reading from the article, Mr. McPhee said: "Many of the provincial authority's problems could have been avoided if they had consulted the local authority before going ahead with their plans." You seem to be working in a vacuum there; or the authority in the community seems to be in a vacuum.

**Hon. Mr. Rhodes:** I think in partial response to that, when you talk about the authority per se, they are primarily—as I discussed here last week—responsible for the management of those particular facilities as the portfolio is developed; and they do a pretty fair job at that. It seems to me if you are going to be developing a new project in any community that the prime requirement is to go to the municipal council.

My understanding, right now, is that just about anywhere we go in to do a project, we have to discuss initially with the municipal council their wishes and their desires as they relate to developing these projects. And a decision is going to have to be made

between the municipal council and Ontario Housing Corporation to go or not go. The authority certainly can be kept informed, but if we start to bring in the various bodies who seem to think that they have some special expertise to give to the development of a project, we can set the blasted thing back another two years. We deal with the municipalities, for the most part, keeping the authorities informed. The housing authority is in a position to give us some advice, but certainly the decision-making must be between OHC and the city council.

**Mr. B. Newman:** Mr. McPhee said: "The provincial government's stated policy is to give local housing authorities more control over their own affairs, but recent problems Ontario Housing Corporation has had with the proposed senior citizens' building on the old Norton Palmer Hotel site and other issues have shown"—and here is the comment—"that the local authority is rarely consulted in major projects."

I would think that their input could be substantial. Not that they want to hold anything back, but I think you ran into a problem with the Norton Palmer site that you could have avoided had you consulted with Mr. McPhee and the local authority.

**Hon. Mr. Rhodes:** How can I say this diplomatically? That is not true. That is about as undiplomatic as I can get, but it is factual. The housing authorities see the plans, they have an opportunity to see them before tenders are called and they are aware of what is going on.

I am going to say something that may come back to haunt me, but that is the story of my life: I think there is some buck-passing going on down in Windsor right now about what happened to the Norton Palmer project. I am not going to get into that name-calling situation because we are going to go down and meet with the council and try to resolve the problem. But if it is going to be "waltz me around again, Willie" down there, about who is responsible for what, I am not interested in that.

**Mr. B. Newman:** I agree with you, Mr. Minister. I'm not interested in it either.

**Hon. Mr. Rhodes:** I know you are not.

**Mr. B. Newman:** I'm interested in housing in the area, regardless of who is to blame.

**Hon. Mr. Rhodes:** That sort of story doesn't help anybody. If the housing authority is trying to blame somebody on behalf of somebody else, look, they have got to live there, too. I understand that. We are better off to let us do down now, Mr. Riggs will go down, meet with the council and

hopefully resolve whatever this problem may be.

**Mr. B. Newman:** I hope you give them a little more local autonomy, because there are other comments that they made; in fact, I think they presented a brief to your people back some time in May or early June. The article I am reading from is the April 21 of this year, so it shows you there have been problems, a lack of liaison between the two.

**Hon. Mr. Rhodes:** I think what we have to understand, though, as far as the housing authorities are concerned—I know what the housing authorities would like to be able to do. I have talked to many of them. Many of them would like very much to have nothing more than a blank cheque to do with as they wished, to be appointed to their positions and to run the whole show without anybody having any control over them whatsoever.

With the greatest of respect to the members of housing authorities, it would be chaos. There would be a tremendous variety of application of policies across this province. They would vary from community to community. There would be an entirely unco-ordinated approach, I suggest, to the supplying of assisted housing from community to community.

We attempt to give them as much autonomy and freedom in the operation of their portfolios as possible, but I think it is absolutely essential, to keep some sort of a handle on what is happening across the province, that there must be an accountability, and that accountability has to come back to Ontario Housing, from Ontario Housing through me, back to you, and the hon. members of the Legislature.

I am not in a position, nor would I even want to be placed in a position, of saying to these authorities, "It's your baby, you run it," and all they had to really do was come to us and say, "We need more money to do this, or more money to do that, or we are going to do this or do that." I think we have to have some semblance of order in the whole system. I am in favour of letting them do more on their own, and we have, I think, moved to considerably in that direction in the past several years. They have much more freedom in their budget, the making up of their budget and the operation of their facilities.

It is interesting; when they start to get more autonomy they take on that responsibility with vigour, and the next thing I get are the tenants and tenants associations, either collectively or individually, coming to me and saying, "It is your responsibility, Mr. Minister. Don't let those devils run it the

way they want." To wit, the investigation of one recently by the Ombudsman.

**Mr. B. Newman:** You are aware, Mr. Minister, that the tenants association in the Glengarry Court complex relieves your ministry and the housing authority back in the city of a lot of problems.

**Hon. Mr. Rhodes:** Yes.

**Mr. B. Newman:** They're an excellent group. There is room for improvement in every group, but at least problems from the housing complex are substantially reduced because of the Downtown Community Citizens Organization.

**Hon. Mr. Rhodes:** We are for them.

**Mr. B. Newman:** I am glad to hear you say that you are for them, but how about also giving to your authority in there the opportunity to house retarded or handicapped individuals in some of your units? They have to seek authority from you all the time.

**Hon. Mr. Rhodes:** As you well understand, I am sure, in order to house handicapped persons in our units these units have to have certain facilities in them in order to make it comfortable for those individuals. We are presently putting special units into new construction that are specifically for the handicapped. I toured one not too long ago where there are wider doorways so that the wheelchairs can get into them, the lower stoves and lower sink facilities, all of these things. We have those built in, right into the units, and those units are specifically for handicapped persons. So we are doing that.

**Mr. B. Newman:** I understand that, too, but you see they still have to get your permission on a lot of this before they're allowed to house handicapped or even to house retarded persons. For example, they wish to house retarded persons right now and they need your permission to do it. Mr. Ruta and Mr. McPhee and the authority in the local area are extremely capable and have done an excellent job in the running of the housing units in the city of Windsor in the past, and I would think they would continue to do as good a job in the future.

**Hon. Mr. Rhodes:** Our policy has been that we can house families or individuals who basically can look after themselves. That has always been the basic policy of OHC. Mr. Beesley, don't we have at least one or more pilot projects going on, where we wanted to see how this is going to work out, to put in mildly retarded persons?

**Mr. Beesley:** Yes, that's correct.



**Mr. B. Newman:** You've got the ALPHA program—that is Apartment Living for Physically Handicapped Adults—that is coming along.

**Mr. Beesley:** No, but we have a pilot study there in Windsor involving a number of mildly retarded adults.

**Mr. B. Newman:** There are two other items that—

**Mr. Vice-Chairman:** Mr. Newman, if you're steering away from the answer that Mr. Riggs gave, I'm afraid I'm going to have to go to the next speaker and we'll come back to you. Mr. Philip, please.

**Mr. Philip:** Mr. Chairman, just to go on to the item that the member for St. George was bringing up about security systems, is it correct then to say that the number of security officers per unit has not decreased during the last year and a half, because that's the impression of FOTA, or at least of a representative of FOTA who was talking to me a couple of days ago?

**Mr. Beesley:** No, I don't believe I implied that. It certainly wasn't my intention to suggest that we hadn't reduced it. As a matter of fact, we have been doing some continuing evaluation of the security system in terms of redeployment, reassessment, reduction in some cases, yes, where the record of incidents or occurrences certainly would suggest and warrant removal of security. Of course, in this process of re-evaluation, we're examining it, as I indicated earlier, on the cost-effectiveness approach that if you don't need it you don't leave it there. It's a question of reducing the operating expenses.

**Mr. Philip:** In your cost-effectiveness approach, have you included the cost of added social workers in the way of youth workers in an area, and does this reduce your security costs or pay for itself by a reduction? I know in my area most of the complaints seem to be about that age group between 18 and 21, and we found that where youth workers and community police officers have gone in there seems to be less tension and there seems to be less violence and destruction.

**Mr. Beesley:** Mr. Chairman, I would agree with the member on that last comment. Certainly our experience has been that where a very good relationship has developed between the on-site management staff and the local Metropolitan Toronto police division and where that particular division places community services officers in that project, that is the result.

Obviously our position is that we don't have a police force, per se. We have been

attempting to supplement the Metropolitan Toronto police department's operation but never to replace it. The redeployment of personnel that have been involved in this security supplement operation is a continuing thing. We're not static. Say today there are two people in that project and you could come back here in a year and you'd find the same two, or two staff, not necessarily the same people.

No, the thing is in a constant state of review and evaluation and it's predicated on what the Metropolitan Toronto police are prepared to do in that area.

**Mr. Philip:** Has there been a reasoned cutback in the amount of money spent on security over the last year or two?

[4:15]

**Mr. Beesley:** Not singling out security costs alone for an evaluation, but part of the overall approach in terms of cost constraints that this government and certainly this ministry has approached its responsibility in an increasing subsidy cost. The minister mentioned on Thursday that the subsidy bill in 1977 is \$200 million. Back in 1964, the provincial share was about \$1 million. You can understand that the costs have been going up. That's not just inflation, that's growth of program and the portfolio size.

So to answer your question very specifically, we didn't just zero in on security as one means of reducing and containing costs, but it certainly was given a great deal of our attention along with others.

**Mr. Philip:** Is there any development now where the security is presently contracted out to the tenants' association?

**Mr. Beesley:** No.

**Mr. Philip:** I had understood that there was some experiment either being contemplated or being worked out with Regent Park, is that not right?

**Mr. Beesley:** Not in the strict security sense. They are doing some work under a tenant management contract experimental pilot study that you referred to, in which they do certain work involved in the laundry rooms. If you would interpret that as security I would have to grant you that that would be within your definition, but it certainly isn't in the broadest sense the kind of security provision that we've been giving in the Regent Park area.

**Mr. Philip:** When security awards are given then, they are given by tender?

**Mr. Beesley:** In the Metropolitan Toronto area, which is primarily the only major security provision area that the corporation

is involved in, the contracts have been negotiated in the past. We are considering a re-tendering of it, but you must appreciate that the Community Guardian Company Limited is a company that is solely providing a security service to OHC. We control the operation 100 per cent and they provide a large portion of the security needs in Metropolitan Toronto. Outside of Metropolitan Toronto there are a number of communities—Ottawa, Hamilton and Sudbury, I believe—in which the needs are tendered every two years.

**Mr. Philip:** In the case of Ottawa, where the tenants association tried to obtain a contract, as I understand it, for running its own security system, have you developed any criteria, definite descriptions of the work to be done—

**Mr. Beesley:** In terms of tenant security—

**Mr. Philip:** No. Have you developed criteria whereby you judge the successful applicant or company, so that tenants groups could feel more comfortable about whether they are being judged fairly or not when they apply to run their own security systems?

**Mr. Beesley:** Perhaps I could deal with the issue of tenant involvement in management in the broadest sense, if I might just spend a minute or two on that, because the corporation has recognized that the participation of tenants living within a community is essential to a very effective management approach. We developed some criteria for a phased involvement of tenants in the management of their particular project. As a matter of fact, those criteria are even now with CMAC and have been there for some time. We are seeking their views on it before we are in a position to implement them in a pilot project.

**Mr. Philip:** Have the tenants groups been shown these?

**Mr. Beesley:** No, not at this time. We are seeking the federal government's response to them before getting into meaningful discussions with the FOTA organization.

To answer your specific question, insofar as the tenant group is concerned in Ottawa, it had in mind moving into a security kind of operation but it really wasn't in a sense running a security company. What they were doing was contracting it out to another private firm and then providing some measure of administration and leadership to it. They're not working as a jobber, in effect. In that sense it wasn't really a tenant-security company.

**Mr. Philip:** What difference would that make as long as it was no more expensive to OHC?

**Mr. Beesley:** It didn't enable the competitive tendering process to take place. As a matter of fact, they made the decision as to which company they wanted, and that was the basis on which they wanted to proceed.

**Mr. Philip:** As I understand it, though, that part of the management of that security system was going to be done by OHC tenants. That was part of the cost factor involved in it. I get back to my original question of what difference does it make as long as the cost to OHC was compatible?

**Mr. Beesley:** They had no experience in the management of a security company. The individuals putting the proposal forward, we felt, ought to have some personal experience in the management role of public housing, not just security identifying it as a small component of management.

**Mr. Philip:** In this proposal that you're presently discussing with the federal government, have you consulted tenants, at least as to the content of the proposal?

**Mr. Beesley:** Not at this point. Certainly, it's had a lot of study and we've had the benefit of the experience in the United States. For a completely different set of reasons, a number of the housing authorities down in the United States have gone into what are called tenant-management corporations.

We've been viewing their experience with some interest. It hasn't been all that positive. Indeed, at a recent conference in Guelph late last April, the representatives from the United States were up to share their views with OHC and the University of Guelph officials on the current state of the art of tenant management in the United States. Several of the managers from housing authorities who were participating in a pilot project in six local housing authorities throughout the United States suggested that it wasn't a panacea to good management. It was simply one of the tools that a manager could have at his disposal in examining options for managing public housing projects.

**Mr. Philip:** When are you likely to be sharing this with the tenants? Have you any idea of the time factor involved?

**Hon. Mr. Rhodes:** After we get the federal government's response.

**Mr. Philip:** Do you have any gut feeling about how long this will take, or when we can expect something?

**Hon. Mr. Rhodes:** I haven't. I don't know whether Mr. Riggs or Mr. Beesley have. They respond when they feel they're ready to respond. You can request their response but they like to go through the proposal and make their criticism of it and let us know whether they agree or disagree. We do that on a continuing basis on a number of things that we're dealing with. They are our major partners, as you know, and we must discuss it with them.

I think I should say right now, at this particular point, I believe the tenants associations have a role to play in each of the various areas. However, I personally feel that there are some areas where you have to be rather cautious about getting tenants involved. I'll be quite frank with you—security is one of them.

I'm not over-enthusiastic about the tenants policing themselves. I think there's a lot to be said for having outside security that can approach the particular responsibilities with a little less personal involvement. If problems are being created within a project, I can see a possible problem in having neighbour policing neighbour. That can be very difficult, and I'm not very enthusiastic about that.

Let's understand something. We're not running a co-op. We're running a rental facility which the Ontario Housing Corporation and their agents, the authority, is responsible for—to provide housing for as many persons who require it. It's not a co-op.

**Mr. Philip:** With all due respect, if neighbour policing neighbour is one of your concerns, why is that in the particular instance of allotting parking spaces in OHC developments, I believe the answer of the general manager, Mr. Beesley, was, in my area, to go along with the allotment of individual parking space numbers and patrolling; but it had to be done by the tenants. Now, if you want an example of the policing of one neighbour over another, it's in the whole area of "Who is in my parking space?" and, "You had my car removed," and this kind of thing. But the Ottawa proposal, as I understand it, was a hands-off, once-removed kind of proposal that would be much less of a tenant policing another tenant situation. That was the proposal rejected, so there seems to be a certain amount of inconsistency here.

**Hon. Mr. Rhodes:** Well, I am not being inconsistent. Neither am I a great fan of that proposal of policing parking lots. I think I am being very consistent when I say that I think that there is something to be

said for the tenants, for the sake of security, that they not necessarily be personally involved in that sort of security—whether it's policing parking lots, whether it is policing a laundry room or whether it is policing the corridors of the building.

**Mr. Philip:** Then you would agree that OHC has a responsibility in policing parking lots.

**Hon. Mr. Rhodes:** I would say that Ontario Housing Corporation has a responsibility to provide parking spaces and to allot them to the individuals. But as to who parks in what parking spot—you are going to have to sort that out yourself. I get the same problem in the building I live in. People come along and they are all upset because somebody has parked in their parking spot; The superintendent may come along and tow somebody away.

I don't believe that you are going to have Ontario Housing Corporation turn the total operation and the responsibility for those buildings over to the tenants—not while I am around, anyway. It just isn't going to happen.

**Mr. Philip:** Well, I don't think anyone suggested that.

**Hon. Mr. Rhodes:** Well, you are well on the trail.

**Mr. Philip:** When you get a situation where the tenants are not even told that there are new fences coming in on their property, and where I get a call in the middle of the afternoon to come up and watch all of their flowers being torn up by some fellow who quite legitimately has a contract to do it and to put in the ugliest old pipe that I have ever seen, all without consulting the tenants, then I hardly think that's an example of tenant consultation. The tenant is saying, "Look, before you do something like this, would you please tell us so that we can have some say in the matter, so that our flowers are not torn up?" When you have instances like that, it's hardly the tenants running a major project. It is the simple matter of consulting tenants at a local level. That is surely what they are asking for—they want some say at the local level.

**Hon. Mr. Rhodes:** Absolutely legitimate. I would be just as upset if the municipality I live in came along and started to tear up my flower garden because they decided it was time to put a sidewalk in. I would be just as upset. I would like to be told what was going to happen. I think that's a legitimate complaint. I don't think that's universal.



I think that is a case where you have a specific for us.

You are right. I think it's so, that if Ontario Housing Corporation is going to make some obvious change—a fencing situation or changing something that people have become accustomed to—the tenants should be informed, and there should be no problem in hearing their suggestions; maybe they have a better idea. That's not the tenants running the thing—no. That's the tenant with a legitimate complaint about something happening which affects him personally in his everyday enjoyment of their facility. I have no argument with that.

**Mr. Philip:** I must say that when I called on Mrs. Niddrie, she stopped the whole thing before all the lawns were torn up; at least only part of them were damaged.

**Hon. Mr. Rhodes:** There never should have been part of it damaged. I agree. You are right.

**Mr. Philip:** I would like to know your views on the whole problem of what happens to Ontario Housing residents when you have a marriage breakdown. I have had several cases of this where there are two different types of problems.

One is the woman who has been beaten by her husband; she has nowhere to go, other than to some of these hostels, and she has her children. She wants to move out of Ontario Housing, out of the unit that her husband has signed the lease on. You have the social worker and the local priest or minister who agree that it is an unbearable situation. She asks for a transfer to another unit for her family—minus the husband.

[4:30]

She can, in fact, show documents via the social worker or via a clergyman or someone else in the area, that the marriage has broken up, but that the divorce has not come through or the legal separation has not come through; yet transfers are not allowed on the grounds that this is the housing authority interfering in a marriage situation. I can appreciate the delicacy of that, but it is one area where I really wonder about the answer. Perhaps the member for St. George has some comments on that.

The other problem is the problem of credit. I have a number of situations in which, quite legitimately, the husband and wife are joint tenants; they have both signed that little piece of paper which says they are going to be responsible for paying the rent. He blows all the money on the race-track or whatever; he doesn't pay the rent. Then he skips off. She is then left with the

problem of being evicted for arrears that she has contracted for and for which she is legally co-responsible, but which she really has no control over.

I wonder how you handle that kind of situation. It is a very difficult situation. Worse still, she has come to the point at which it is so bad in the house that she gets out, takes her children to one of these temporary housing spots and she reapplies for Ontario Housing. But she is told she can't apply for Ontario Housing because her husband didn't pay the rent, maybe last month or it may be two or three years ago in a previous marriage.

I am wondering, is there any way of handling that problem which the unmarried mother has, as a result of the estranged husband?

**Mr. Beesley:** Mr. Chairman, there is no easy way.

**Hon. Mr. Rhodes:** Excuse me, I want to deal with the first one; the question about the husband beating up the wife and she wanting to be out of that unit before she gets killed. My immediate reaction to that is to transfer her and turf him out. But, of course, I wouldn't want you to come back to me and tell me I was being unkind because he had been a tenant all this time and he should be allowed to stay in the unit. He goes.

That makes some sense. If we can't turf him out of the unit he is in, I wouldn't mind moving her. But he is gone, long gone. I don't want to hear any sob stories about the poor fellow not being able to get a job. That is his problem. He should be nice to his wife next time and maybe she would care for him. You can answer the second one, Mr. Beesley.

**Mr. Philip:** That is an interesting point of view. Are you saying then that you have some idea of how to make that into policy?

**Hon. Mr. Rhodes:** As I say, I am not going to set a policy; you can deal with each one individually. I've been through this wife-beating situation for a number of years too. I have to qualify that—I knew I would get caught. I have been through this situation where I've had people come and tell me that their husbands are beating them up and how terrible it is and he has got to go, so you get him out. Not necessarily while I've held this position, but in other positions too. He has gone. It is amazing—now she is alone with her family and happy; she doesn't want that brute around. And suddenly the family gets larger.

Mr. McNeil: They weren't that mad at each other.

Hon. Mr. Rhodes: That's right. His visiting privileges start to come in.

I don't want to get caught in that. That's a con job. That's a real con job pulled off by a great many of them. The trick is to split, send the husband off somewhere. I wouldn't want that sort of thing to become practice.

We can't set a policy but if there is a legitimate case of a man beating his wife—and, as you say, everyone recognizes it—then somehow get him out of there. Turf him out, even if you have to terminate his lease. But get him out of there.

Mr. Philip: Well, surely his lease is terminated the moment you grant a transfer to another unit, usually a smaller unit, for the woman and the children?

Hon. Mr. Rhodes: You weren't talking in that particular case about arrears in rent, were you? You were just talking about a family breakup.

Mr. Philip: No, I was talking about a family beating.

Hon. Mr. Rhodes: No arrears in rent. It would be a question of transferring the wife and the children to another unit and getting him out.

Mr. Beesley: But he's on the lease. We'd have to take him to court under The Landlord and Tenant Act.

Hon. Mr. Rhodes: No, he would no longer be qualified if his wife and children were gone.

Mr. Hall: He'd be left.

Hon. Mr. Rhodes: That is what I mean. Leave him there, long enough to be turfed out.

Mr. Philip: If he's in a four-bedroom unit then by law he's no longer qualified for that four-bedroom unit.

Mr. Beesley: You would be going into court for that reason. He fails to qualify.

Mr. Philip: Then why is it that where the social worker and other people have stated that there is legitimate reason for transfer of the woman and her children, these are denied?

Mr. Beesley: They are denied because of the arrears situation in respect of the current tenancy.

Mr. Philip: Assuming then that there are no arrears in the rent, where you have a straight beating situation or marriage breakup situation, you are still denying a transfer, are you not?

Mr. Beesley: We are back to the lease. There are two signatories to the agreement, the contract, and that is a document that we have to abide by. If we wanted to terminate that document and have it surrendered up, both parties to the document would have to surrender it, not just one party.

Mr. Philip: So she has to either stay in this prison or move out completely and then reapply?

Mr. Beesley: It is rather interesting. A number of communities have struggled with this as well, Mr. Chairman, and one of the things that they have discovered in attempting to meet that particular woman's housing problem, is that they have moved her into a two-bedroom, for a hypothetical case, from a three-bedroom and within two months the family is back together again. It was our understanding there were completely irreconcilable differences, documented by social workers, et cetera, at the time the decision was made to transfer. Then they are back in again looking for a three-bedroom or, in fact, back to a four-bedroom size.

You have a real moving in and out of housing which is very costly to manage, because you do have to return the unit to a habitable shape before you can re-lease it. Nothing is final in terms of that family breakup and, without really dealing with the specific that we talked about on Thursday the same situation could occur there as well.

Mr. Philip: I think the specific that we talked about Thursday was the second question, which is the problem of how do you deal with the fact that a husband may not have shared with his wife the fact that he wasn't paying the rent and then he skips?

You have a case then where a woman and her children are being evicted, and in the case that I shared with you on Thursday she hadn't been told. I asked her why she didn't come to me when she received the order to appear in court. She didn't know about it. He didn't give it to her. She didn't come when she got the sheriff's order and now they are on the doorstep, they come tomorrow and they can legitimately lock up whatever belongings she does have because she is in arrears of some \$600. There is no way, on mother's allowance, or even with whatever allowance the courts may allot to her once the legal proceedings have gone through, that she can ever repay the debt that was, in fact, incurred by both of them but was really a debt of the wage earner, namely the husband.

Hon. Mr. Rhodes: It is a contract that they both have signed and they share the

responsibility. Indeed, they both will have incurred the debt. I know, again, as I have said before, it sounds awfully callous and hard-nosed and everything, but we are not supplying free accommodation. We are supplying accommodations based on the ability of the individual to pay and on their income.

If a person needs assistance there are avenues to go and get that assistance. We are not supplying free housing, and if people don't pay, I suppose you could use the old expression, "If you owes, you goes; if you pays, you stays." It gets right down to that basic, fundamental, hard fact of life that everybody faces. We are subject to The Landlord and Tenant Act as it relates to evicting or taking action against people. We comply with that Act, and I don't think any more than we are permitted to adjust that Act to serve our purposes, as you might interpret it, neither do I think we should be required to adjust the meaning of that Act to service the purposes of people who just don't pay their rent.

**Mr. Philip:** Would it not be possible, though, in cases like this, where family court action will be the result and where it is in the process, to at least wait until the courts have decided what to do with this guy who has skipped out on the family and then perhaps go after garnisheeing his wages or something like that to pay the debts, since the court could ascertain who was the wage earner and who did or did not pay the bills?

**Hon. Mr. Rhodes:** I don't know whether this is the case you are referring to or not, you haven't been that specific, but we have a situation that may be the one you're talking about. The guy is back there now; the wife and family are on welfare, he is working and he's back there.

It is a rotten business sometimes. Thank God the majority of people go along with the rules and regulations and meet their obligations to the best of their ability. There are people in OHC who do attempt to assist them when they need some sort of help along that trail because, sure, some of those people have some difficulties. But you are going to get the losers, the deadbeats—and we get them—and you get to the point where you start to wonder about your compassion, if it isn't ill-placed sometimes.

I think we're talking about the same individual, who is back now in the unit, telling us it's a wonderful setup, his wife and family are on welfare and he is working.

**Mr. Philip:** I don't know whether it is the same case or not. What I am trying to deal with is the principle rather than an indi-

vidual case, because there is more than one case like this.

**Mr. Beesley:** That is the problem, Mr. Chairman. The principle the member is enunciating is certainly one that the corporation is aware of, that there could be any number of cases come forward every day where the same type of situation would develop. I'm not saying yours isn't legitimate, but it could be contrived, the husband could leave with these large arrears and the wife approach the housing administrator and say, "He's gone; he's not coming back. I've got to go to court; it's going to take a long time. The two of us incurred a debt of \$200, \$300, whatever; I can't pay it, it wasn't really my fault. He had the money and he didn't pay it." The point is, you must pay the rent and if you don't pay your rent, you have to make the home available to people who will.

**Hon. Mr. Rhodes:** What if the situation was reversed? What if the husband in this particular case was coming home, as most dutiful husbands do, handing the money over and saying, "Here, you take care of the bills"? He didn't want the responsibility. She's playing the horses. Then what happens? She's the one who didn't pay the rent. He says, "What happened? I've been giving her the money." Who do we throw out then?

**Mr. Philip:** The issue is then, is the person who is bringing the wages in going to cover the debt, or are you going to penalize the other person? Who are you going after? In the case of the husband who was the wage earner who skips off, you, in fact, then are penalizing the person who is not the wage earner.

**Hon. Mr. Rhodes:** I guess all I can do is fall back on the contract. It seems like a stock answer but it is fairly accurate—we've got a contract signed by two people who share the responsibility.

**Mr. Philip:** On the issue of the cable TV, particularly Rogers Cable TV, where you have been into a dispute for two years, has that been settled?

**Mr. Beesley:** What is the dispute? Perhaps the member could be more specific. I wouldn't know where we had a long-term dispute for two years. We have a contract with Rogers Cable; I believe we have contracts with a number of firms in Metropolitan Toronto which run for probably another 16 months, plus or minus a month. They are still active.

[4:45]



**Mr. Philip:** I understand—and I can get my correspondence with your predecessor on it—there was a disagreement between OHC and Rogers over the payment by OHC for cable TV. The dispute on it, as I understand it, came from Rogers providing extra services which were not part of the original contract and OHC, probably quite rightly, saying ‘We didn’t contract for those extra services.’ Has that been settled?

**Mr. Beesley:** Yes.

**Mr. Philip:** So in fact all the OHC units within the Rogers viewing area can expect to have access to cable service?

**Mr. Beesley:** No, not necessarily. Those projects which are under a bulk contract that had been in existence, which was the subject of some discussion and a new contract entered into, certainly those who have been under that bulk contract will remain so.

**Mr. Philip:** So are you saying you’re gradually phasing out those bulk contracts?

**Mr. Beesley:** I’m not suggesting that, Mr. Chairman, I’m suggesting to you that in the face of increasing costs and the CRTC approval for the franchise cable operators to charge more, and in the absence of any kind of control on the bulk rates that the individual cable companies may charge, the corporation is examining its policy in respect of entering into these bulk arrangements.

As you would know, there is no benefit to the corporation derived from these contracts. We simply collect from the individual tenants the charges that are in the agreement and these are then paid to the cable company. To the extent that the arrangement has permitted very low rates to be made available to the individual residents in these buildings, we’ve gone along with it, but when it reaches the point where the cable operators are seeking a bulk rate with 100 per cent sign-up and the corporation is acting as the collection agency, we’re having substantial administrative costs which we have no way of recovering.

**Hon. Mr. Rhodes:** There is another point that should be mentioned too and that is that I often get correspondence from tenants, mostly senior citizens, I must admit, who will complain to me that the rent they’re paying per month is in excess of the formula, and when you follow it through you find the reason there’s an excess is because there’s been a cable charge added on and some of them saying they didn’t ask for the cable and they don’t know why they have to pay for it.

I’m inclined to agree with them. My feeling is that perhaps we would be much better to leave it to the individual tenants in our facilities. Certainly the companies have access to the building for cable, no question. I think the pre-wiring is probably a good idea too, but rather than us entering into a bulk contract we could allow the individual tenant the choice of whether they want to go into the cable contract. Whatever the price is, if it happens to be \$4 or \$5 a month, to some senior citizens it’s not worth it, and they may very well decide that they don’t want to avail themselves of that service, just like any other utility, the telephone or this sort of thing.

There may be some merit to doing it that way, combined with what Mr. Beesley has said. Some people are saying, “I don’t want the cable television,” but under the present setup they’re charged for it anyway.

**Mrs. Campbell:** Have the cable companies changed their position? I understand they refused to put them in unless they had the consent of the majority of people in any building.

**Hon. Mr. Rhodes:** They would refuse if they were going to give the bulk rate. They’re not going to give the bulk rate to 50 per cent of the building. I think their big stick is “We need 100 per cent,” otherwise they would want to go back to the regular rate.

**Mr. Philip:** It is my understanding that in some buildings there are great differences in rates that are being charged within the same building for cable TV. Is that the case, and why would that be so?

**Mr. Beesley:** I wouldn’t think it was the case, because the contract is very specific. I will tell you the rates, for highrise projects in Metropolitan Toronto it’s \$2 per unit per month, and for low-rise or town houses, or any building under four storeys, it’s \$3.35. What you might have is a situation where, because of The Landlord and Tenant Act, there is the need for us to give 90 days’ notice prior to a lease termination of an increase in the rent. It’s only on renewal dates that the individual tenants can be adjusted to the higher figures. So it is going to be a 12-month phase-in, if I may use that expression, before these higher rates will be totally effected in the building.

**Mr. Philip:** OHC takes the loss on them?

**Mr. Beesley:** We have no other way of recovering it under The Landlord and Tenant Act. It is simply not possible to raise

the rent of any resident other than at the lease renewal.

**Mr. Philip:** I have one last issue, and it is a minor issue but it is one that seems to confuse some of the tenants. I have had complaints from a riding that is south of mine concerning fumigation of the buildings. I am talking about the building at 7 Capri. I understand that is a new building, and even though the management of the building is most co-operative, there seems to be no way of ridding the building of cockroaches. When the tenants complain they are immediately treated with courtesy by management and up come the fumigators and so forth.

I haven't had reports or complaints from the one highrise in my own riding about this kind of problem. Is this a constant cost to OHC, and how do you get around the problem? Do you have any ideas of how you get around the problem of the tenant who refuses to let the fumigators in because he says he is an ecologist, or for whatever other reason, and he doesn't believe in DDT in his building and he, in fact, acts as a breeding ground for the rest of the building? How do you clear a building like this?

**Hon. Mr. Rhodes:** Everybody picks their own pets, I guess.

**Mr. Philip:** Is 7 Capri a major problem? How much have you spent on that building?

**Mr. Beesley:** Mr. Chairman, I could obtain that kind of information for the member. I don't have it. Certainly, in our budgets, in the funds available to the manager, there are adequate moneys to enable him to call in the fumigators. As you have described the situation, it is sometimes only the one unit on a floor which is causing a problem in the adjacent units on either side. It is not simply enough to go into the units in which the people are co-operative. You have to get into that key unit to do it.

**Mr. Hall:** Do you have to use the public health inspector to do that?

**Mr. Beesley:** We never had to do that, Mr. Hall. If the gentleman or the couple involved will just not co-operate, that is one approach. Of course, the other extreme one is if they won't co-operate and are in violation of their lease, then we seek eviction.

**Mr. Philip:** So you can use the threat of eviction to clean out—

**Mr. Beesley:** We prefer, rather than to use that threat, to seek their co-operation.

**Mr. Philip:** The public health inspector for borough of Etobicoke tells me that in this

one building he thinks the management has spent quite a bit and really tried to clean it out, but it is always those few people who hold out. The whole building, as I understand it from the tenants and from what the health inspector is saying, has never been fumigated thoroughly once. I am wondering how much you are spending on DDT because somebody is being unco-operative.

**Mr. Beesley:** The Landlord and Tenant Act protects the rights of individuals for enjoyment within their unit. Certainly, we endeavour to co-operate, but if the individual won't, in the final analysis we have to seek eviction. It takes time. The process by which the action proceeds through the court takes many, many months. In the meantime, the other residents are inconvenienced by that thoughtlessness of one.

**Mr. Philip:** Eviction is possible then.

**Mr. Beesley:** Yes, certainly. That is our policy.

**Mrs. Campbell:** Mr. Chairman, it would be a great pity, though, if it were made to appear that this is an Ontario Housing problem. It is a problem for all highrises right across Metropolitan Toronto, conventional and otherwise.

**Mr. Philip:** Yes, and it is somewhat more complicated when you get into condominiums.

**Hon. Mr. Rhodes:** That's right. Some of the pests that go into these buildings pay very little attention to income levels.

**Mr. Eaton:** I wanted to get on to the private assisted rental housing programs. I know you have done some experimentation with them, Mr. Minister, in senior citizens residences with some success, I guess. Are you going to be expanding that program and looking at it further for any units that are currently approved to go ahead with development?

**Hon. Mr. Rhodes:** Well, what we have said to the various municipalities is that there are a number of options they can look at and certainly their private assisted rental provision is one of them. If there was a community where it was the municipal council's desire to have a building erected by a private contractor and the facilities to be provided for Ontario Housing Corporation tenants, seniors certainly have been the most popular. That option is open to be considered in a particular municipality, specifically if the municipality is a designated area where we feel there is a need to stimulate this type of housing.



So, yes, I think I'd say that we would like to see it expanded. But, again, it is one of the options in a municipality.

**Mr. Eaton:** Since you've got into it, then, have you sort of refined the proposal calls that you put out for this type of program? What guidelines do you use in calling for people to put forth their proposals?

**Mr. Riggs:** Mr. Chairman, to some degree, yes. But, we're trying to keep it as reasonably simple as possible so as not to get into problems of red tape, and to keep the builder who wants to build his standard unit, which meets all the specifications of the building code, from going too far above that. We do specify certain items over and above the building code, particularly in seniors, such as grab rails and safety devices, which are still not fully part of the building code. However, the last edition of the building code pretty well covers most of the essentials, safety and other items. We are reviewing it after every proposal call to see whether or not it has been successful and if it hasn't been, why not. We'll make adjustments throughout the year to ensure that the document produces well-designed, well-constructed housing which is also efficiently managed. Both of those aspects are extremely important in the private assisted rental program — well-designed, well-constructed housing with efficient management, efficient being human management because that also is important.

**Mr. Eaton:** Mr. Minister, what is your policy on senior citizens apartments as far as the building itself is concerned? Do you have a policy of building a one-floor or a two-floor senior citizen apartment?

**Hon. Mr. Rhodes:** As far as I am concerned, I'm not a fan of two-storey walk-ups in communities. I don't like to impose my will on a community, but I think that a two-storey walkup could create all kinds of problems. I've had some experience where you have senior citizens who move into these second-storey facilities, and as the years go by and illnesses come along, these people become virtual prisoners on that second floor because they can't get up and down the stairs by themselves. Unless someone comes to help them up and down, they never get out of the place. I personally would rather see senior citizens in the smaller sort of complexes—either the single-storey, motel type of unit or townhouse type of unit, or else something high enough to have an elevator in it.

**Mr. Eaton:** When you are calling for assisted housing programs like this privately

assisted rental program, is this policy put forth in the call, whether it be a one- or two-storey residence that is to be built?

**Mr. Beesley:** No, it wouldn't be. To answer the question more specifically, Mr. Chairman, the evaluation of the submissions that come in would obviously take those kinds of factors into consideration.

**Mr. Eaton:** Well, don't you think there is going to be an obvious difference in the submissions that are made if somebody is constructing one-storey buildings, as the minister would like to see, and somebody else is coming in with two-storey proposals?

**Hon. Mr. Rhodes:** Yes. But, if you're talking about, say, 20 units, hopefully we won't build anything that small. If we're building, say, 30 or 40 units, and you are going to put 20 units on the first floor and 20 units on the second floor, it is going to be a lot cheaper than building the same units as a sort of townhouse development. But I emphasize again that I don't look with a great deal of favour on those walkups for a number of reasons, not the least of which is the one I mentioned.

[5:00]

**Mr. Eaton:** Don't you think some policy should be developed in calling for the proposals on those where they have called for one or the other, so there is some equity in the proposals put forth by the builders?

**Mr. Riggs:** It isn't that simple. When you talk about a senior citizens' site in a small municipality, the first thing the municipal council wants is downtown, which is the highest priced land. Even in a small municipality two storeys downtown are a lot cheaper than one storey. You can be talking about land costs downtown, including all the imposts, levies, et cetera, in excess of \$250,000 in a small town of fewer than 1,000 people. That is pretty high-priced for these days, even for a small apartment unit of 450 square feet. What the minister has said is we are still basically putting in a two-storey standard model that has been built throughout Ontario in the last couple of years. It is well designed but it has the problem that certain elderly persons over 65 have difficulties with stairs.

There are two ways to approach it. One is to look at the whole principle of ramps and things of that nature to cut down the problem of a two-storey unit. The other one is to go to the one-storey units. Our architectural group is looking at every possible solution. One is to try to retain the two-storey unit but allow a much simpler method



of getting to that second floor without losing the benefit of costs. The second one is to scrap the two-storey unit.

The minister has only brought this matter to my attention in the last few months when it has become an obvious problem. As we get more and more units under construction and more and more units under management, we are finding the aging process in a two-storey unit creates problems which we had not anticipated three years ago.

So you are right. We need a policy. But we don't want to jump into a policy to find that we increase costs substantially without knowing what we did. That's now under very active review. I would hope that by this fall, that that decision will be made by my minister.

**Hon. Mr. Rhodes:** Yes, and that is one of the reasons why I have said I am not in favour of trying to build 10 or 15 units in one municipality and then going down the road seven miles and building 10 or 12 more. I would much rather pick one of those two communities relatively close together and build a larger project in which we can put these amenities and get away from the sort of two-storey walk-up. I just don't like them. If there is some way of getting around it and if we can build them where we can still allow the people who are living in those second storey facilities to get in and out of those things with ease and convenience and without hazard to their health or their well-being, then fine, let's go along with that. But I don't know how you are going to do it.

**Mr. Eaton:** That is simply what I am getting at, that a policy be established that, say, they're to be two-storey but an elevator will be installed, or whatever it might be. Let's have a policy so that people who are tendering to build them or putting forth their proposals are doing it on an equal basis and so that we don't have somebody calling the ministry and getting the word back that they prefer a one-storey building and he tenders on a one-storey building while somebody else is tendering on a two-storey building. Naturally he comes out with lower rates and lower costs. There's no fairness to that for the people who are putting forth the proposals.

**Hon. Mr. Rhodes:** My understanding of the economics of it is that it is not economical to attempt to put in an elevator in a two-storey or three-storey building. It should be four storeys or more before there is some benefit to putting in an elevator in

the facility. That makes some sense to me. An elevator to go up one floor really doesn't seem practical.

**Mr. Eaton:** That may be the case, but whatever the policy is it should be clearly stated to the people who are putting forth their proposals so that they are working on an equal basis as to what they are putting forth.

**Mr. Riggs:** To clear the air, at the moment, if we put a proposal call out for 25 units we will get a two-storey building because economically your costs just accelerate tremendously on a one-storey building. If we are going to change the policy, it will have to be that we will accept only one-storey buildings. That decision, as I have mentioned, is one which we would like a few months to review to make sure that we are not moving into a higher cost situation which puts us out of building one-storey seniors in downtown locations and having the same criticism come forward that we are building in the suburbs where the seniors have no shopping, no transportation, no churches.

**Mr. Eaton:** That's fine. I agree with it if it's going to be a policy. But don't have someone telling the individual that's making a proposal, "But we prefer a one-storey proposal." Because it sure gets you into some hot water when you find that one person is tendering one way and one the other way and they are saying, "Well, somebody there told me that they prefer one storey." Naturally there is not going to be fairness. And there's the minister saying he prefers the one storey and then somebody in Housing saying we don't, then we want it the most economical way.

**Hon. Mr. Rhodes:** Let me qualify that. I said I prefer either one storey or four storeys. Right? I think I said that. I just don't like the two-storey walk-up. And I sure as hell wouldn't want to see a three-storey walkup. So I say to you, from an economic point of view, four storeys with an elevator, or one storey.

**Mr. Eaton:** All I say is that you should get some policy put forth to these people that are making proposals on that type of housing. Otherwise I think you can run into some situations where people will be screaming that they have been treated unfairly, which they may or may not have been. I won't argue one way or the other, but you should have a policy on it.

Further to the senior citizens housing, in the management of the properties by Ontario

Housing, how do you decide what areas will come under Ontario Housing or what areas will come under another authority? We've just seen in Middlesex where it was under Ontario Housing, through Petrolia, and then switched to the London housing authority.

To me this bears no relationship to the way housing is being managed in the rest of the county. In the first three or four weeks it has been under this operation, I have had a number of calls from people who find they are not getting the same direct contact, because it is now in the city of London. How do you decide how you are going to switch those units and who is going to manage them?

**Hon. Mr. Rhodes:** Let me first ask for my own clarification: Are you referring now to units that were under direct management by Ontario Housing Corporation?

**Mr. Eaton:** Yes, I am. Direct management by Ontario Housing.

**Hon. Mr. Rhodes:** All right, fine. What we are doing now is trying to do away with the direct management by Ontario Housing and having it managed by a housing authority. In some areas we are in the process of making those changes—of establishing a housing authority and getting out of direct management.

**Mr. Eaton:** You've got a housing authority of long standing in the city of London looking after the city of London, but you've been involved with Middlesex through the Ontario Housing authority. How do you decide that London will now administer the housing in Middlesex county?

**Hon. Mr. Rhodes:** What we are attempting to do is to enlarge the area of responsibility of the housing authorities so that they can manage an area that has some—I'm looking for a word and I can't find it—but they perhaps have reason to be managed by the same units. They are in the same area and servicing the same sort of clientele. I just don't want to see housing authorities at every little spot along the map. It gets very difficult from an administrative point—not only from the housing authority's point of view, but from ours.

**Mr. Eaton:** I am inclined to agree with you, but when they've been operating well under the function that they have been under—

**Hon. Mr. Rhodes:** They haven't been operating well. They've been operating under direct management from Ontario Housing Corporation.

**Mr. Eaton:** Right. They've been operating well under that direct management.

**Hon. Mr. Rhodes:** They haven't been operating at all out there. We've been doing it all from here.

**Mr. Eaton:** They have a man in the field who operates them in this particular case. He has been responsible for them, has done a good job and has been someone you can contact directly when there's problems and who the municipalities have been able to contact directly. Now they find they are under a group in the city of London. The contact is just not the same at all between Middlesex county and the city of London.

**Hon. Mr. Rhodes:** That's interesting how the contact would be better if it's being managed in Toronto than it would be from a contact in Middlesex.

**Mr. Eaton:** It wasn't being managed from Toronto. There was a man in the field who came around to the local offices of the municipalities, to the housing authority, to the units themselves—

**Hon. Mr. Rhodes:** He's still there. He wouldn't have changed.

**Mr. Eaton:** Well, he has. They've got completely different people responsible for it.

**Mr. Beesley:** Maybe in a sort of head office jurisdiction in London, but certainly the individual, if he is still doing the job as well as you describe, will be there.

**Mr. Eaton:** Well, he is not. He was operating out of Petrolia and serving the west part of Middlesex county. Now someone out of the city of London is doing it.

**Mr. Beesley:** We could certainly look into it, but it must have been sort of a redefinition of boundary lines to place all the housing within Middlesex county under the London Housing Authority's jurisdiction. The negotiations for that new housing authority are still under way.

**Mr. Eaton:** What do you mean, they are still under way?

**Mr. Beesley:** It hasn't been resolved that that will be the final setup.

**Mr. Eaton:** Well, certainly the administration of it has been taken over by different people, and now we are informed that we must call the London Housing Authority office for any problems we come across in the institution.

**Mr. Beesley:** The London Housing Authority is in fact managing it. But the new housing authority, when it is created, will

be called the London and Middlesex Housing Authority.

**Mr. Eaton:** Before this was done what discussion took place with the people responsible in the various municipalities that were paying a share?

**Mr. Beesley:** Mr. Chairman, there has been a series of meetings over a period of time with county council, with London's city council, and obviously with the London Housing Authority.

**Mr. Eaton:** But not with the municipalities directly involved?

**Mr. Beesley:** Not with every individual one, although certainly we would hit the large municipalities in which there already was housing located under the direct management arrangement.

**Mr. Eaton:** You certainly created some dissatisfaction among the councils in Middlesex that have an authority or have had contact directly, who have their housing there now and have been working with the previous setup.

**Hon. Mr. Rhodes:** When the new authority is established, there will be representation from various parts of the county on the restructuring of the whole housing authority. I have the same situation in my own area, where we have gone from a housing authority that dealt strictly with the municipality to one that has now taken over the entire district.

And representation is changing. There will be people coming from all over that area who will be appointed to serve on the housing authority. You get a broader representation on the authority because you will be having housing developed in the larger areas. As I see it, you are going to have some growing pains, because people are always upset when things change, or appear to be changing.

**Mr. Eaton:** Well, you can't blame them at all in this instance.

**Hon. Mr. Rhodes:** I don't know whether I can or not, because I am not totally familiar with what their complaints are. Sometimes when you change a routine, people get upset—whether changing the routine is good or not, they get a little upset with it all. Remember, too, that we have got some problems where you have so much of this proliferation of housing authorities, and in some cases none. You get areas in the county—and I know that you run into this—where a community would like to see some housing developed or they would like to have people in their area

put into housing, or have an opportunity to go into the housing, but it is not available.

The county-wide basis, I think, would be a much more effective way of housing people who live within the county, so that there is a sharing of the cost over the total county of the 7.5 per cent that the municipalities pick up.

**Mr. Eaton:** Is this one of the ideas then—that the county start picking up the 7.5 per cent rather than the municipalities?

**Hon. Mr. Rhodes:** That may be, when we do it, yes. It may be a good way of doing it, because as it is now we get some areas of the province where you just will not get even a senior citizens unit built. That particular township in that county says: "We don't want them." But you have got to provide them somewhere, and they end up going into one municipality.

There is one good example in eastern Ontario where the townships surrounding this particular city don't want any part of family housing or senior citizens housing. As a result the major municipality is getting it all, and they are very unhappy. They feel that they are being turned into a sort of dormitory for the assisted families and the senior citizens, while these other townships are hoping to keep themselves out of this area and they allow only the large suburban-type development to take place. It is really unfair.

**Mr. Eaton:** I don't think this is the case here. A number of townships have gone into it and a number more want to. I know some of them have taken over two years to get sites, once they have been approved, and to get through some of the problems.

**Hon. Mr. Rhodes:** Have you found out why it took two years?

[5:15]

**Mr. Eaton:** Oh yes, I know. I've been involved with it right through. I know the problems that we've had and I don't think they're all solved yet, even going to the private assisted rental program. We had one called and now I guess it's going to be called again. After another six months have gone by we're back at the point we were two years ago.

**Hon. Mr. Rhodes:** I'm not familiar with that.

**Mr. Eaton:** It's not easy to solve. They want the housing, but they're not too willing to get involved to the extent perhaps they should in providing the place to put it, or



providing the other necessary services that go with it.

I feel in these cases that perhaps more consultation should have gone on with the local municipalities rather than the county council at that point, before they made a decision to have someone new come in and take over the administration of it. Certainly our experience for the month they've been in operation hasn't been very good.

**Mr. Beesley:** I think, Mr. Chairman, as the minister indicated, there will be some growing pains. But I think the member would concede that if you had 10 municipalities within a county or in a district all managing public housing, all tendering their own requirements, then these things have to be more expensive than if you did it through a central unit, such as the example that is described.

But to address the other question that the member was raising, about the county picking up the 7.5 per cent instead of each individual municipality in which the housing is located accepting that responsibility, which is the present arrangement, as each municipality has a residency requirement. They believe those persons who have lived within their boundaries at least one year should have access to that housing for which they are sharing in the operating loss. And that's quite a valid position to take.

Certainly in the expansion of the housing authority system, which is well under way, we're well into it in terms of percentage completion. Right now we're into it with 49 housing authorities. There are a further eight in the advanced negotiations stage and eight further beyond that. So perhaps by the middle of 1978 we'll have 65 local housing authorities managing all the public housing in Ontario.

So, as a long-term philosophy we see the expansion facilitating the examination of housing needs on a broader base. Say the township of X needs six units and the township of Y needs five, if you look at need on a county basis then of course the rationale to manage the housing on a county basis makes sense.

Then of course there's the accessibility to the housing within the county by anybody who's residing in the county. It flows, if it's accessible, to everyone who's living within the county, whether you want to live in London or any other communities within the county. The sharing of the operating loss should then flow to the county which distributes it through the county-based mill rate back to the municipalities.

It can be handled any number of ways. We're not firm on the approach and we certainly encourage any municipality which wants to take it upon themselves to enter into any cost-sharing agreements with respect to the 7.5 per cent share to apportion it back to the various municipalities of residence of the individual, whether he was a resident in community A and wanted to live in a project in community B—

**Mr. Eaton:** I don't disagree with that at all. In fact, in a couple of these cases the steps were already taken to do that, where a municipality and a couple of townships agreed to go together and do that with their units. But when you're talking about need on a county basis and you assess a need of 100 for Middlesex county, you're talking about an area 60 miles by 40 miles and putting 100 in one spot in the county isn't going to solve the problem.

I think that this is the thing. If you've got two or three smaller municipalities working together, that's fine. They can provide for those needs. They can do that without looking at it on a county basis and necessarily having the county take it over.

Damn it, the thing starts to smack of regionalization and you get people in the area upset. As you say, we've got the problem already and you haven't come to agreement on the thing. No agreements have been reached, you tell me, yet the administration of it has been taken over a month ago and it's being operated now. Shouldn't the one come before the other? Get the agreements with the municipalities and the county on how they want to proceed before you put somebody in from London looking after it.

**Mr. Philip:** He's raised a very valid concern.

**Hon. Mr. Rhodes:** Oh, he's raised a very valid concern. But I think he sees the bogeyman in this 'being regional government and it just isn't so. I can understand the enlarging of the housing authority responsibility being perceived as that, Bob, but let me tell you it is not that. What we're trying to do is to have an authority from all over that area which can be responsible to the people who live in that particular county.

**Mr. Eaton:** Sitting down here, you don't see the domination by a city of 280,000 of a county with 55,000 people in it. This is where they get upset. I don't blame them. I don't blame them at all, because everything centres on the city of London. You've got them in control. It's going to end up with seven or eight on the board, with maybe

one or two from Middlesex and it's out of the hands of the people in the county.

**Hon. Mr. Rhodes:** First of all, I think you're jumping to conclusions on the makeup of the authority to begin with. Secondly—

**Mr. Eaton:** My understanding from county council is that they may be asked to appoint one person to the London Housing Authority. They may be asked to.

**Hon. Mr. Rhodes:** Yes. But I would think that what you first perhaps should do is understand how we go about that. Don't forget that a housing authority is composed of appointments that are made by the federal government, the provincial government and the municipal government. It may well be that the county itself will appoint one. But that doesn't mean there will be only one person out of the county. It may be that the provincial appointees will come from the county or the federal appointees will come from the county.

**Mr. Eaton:** I wouldn't bet on it.

**Hon. Mr. Rhodes:** You are jumping to a conclusion again because you haven't looked at housing done in other ways.

**Mr. Eaton:** What can one do but jump to some conclusions when the administration has been taken over before any agreements have been reached?

**Hon. Mr. Rhodes:** I am saying to you that the makeup of that particular housing authority is just as we have done in other areas. We haven't had this bogeyman you are talking about, where they are all coming out of the city of London, or whatever city it may be. We have set up these authorities with representation from right across the whole area. They don't all come out of the major municipality. Taking again my own experience, out of a housing authority, I believe, of nine, three will come from the city of Sault Ste. Marie in the Algoma district, which is the only city in the district and has, I suppose, well over 50 per cent of the population. It probably has two-thirds of the population. Three will come from there. The rest are coming from throughout the district. The difficulty is that people in the county—I am not saying you—conjure up these things that they really have not taken the time to inquire about. The county says it is only going to appoint one and they give the impression that that is the only person from the county. Well, that is not so. The other thing that can—

**Mr. Eaton:** But if they are appointed from down here, they are probably not going to

know whether they are in the county or not, and here is a good example.

**Hon. Mr. Rhodes:** But they are not appointed from down here.

**Mr. Eaton:** Here is a good example. London township is going to have 676 units. Now obviously it is the city of London, not London township, but somebody down here doesn't know the difference between the two when they write the information up.

**Hon. Mr. Rhodes:** Is London part of London township?

**Mr. Eaton:** No. No part of it at all. They call it London township and call it 676 units for London township.

**Mr. Riggs:** That's why we are shifting it down to there.

**Hon. Mr. Rhodes:** That is why it is going down there, because they know the difference. Up here they don't.

**Mr. Eaton:** That is for sure. You know, maybe if they had had some consultation on these things and reached their agreement beforehand, you wouldn't have some of the county officials and municipal officials feeling the way they do and giving me the blast for what has gone on. I wasn't aware of it either, because as a member, nothing was ever said to me by your ministry that this was taking place.

**Hon. Mr. Rhodes:** Bob, first of all, I think your point is made as far as the management is concerned that the agreement hasn't been reached. I would agree with you that the management should not be going by the London Housing Authority at all if there is no arrangement completed.

Second, there can be some variations upon that whole scene as well. It may well be that you are going to have a London Housing Authority and a housing authority for the county. It could end up that way as well. It doesn't necessarily have to be all one, but I'd like to find out what has happened down there because I'm not totally familiar with the case.

**Mr. Eaton:** So would I. I don't like to go after you too hard but sometime you have to get these on the record to show what's going on.

**Hon. Mr. Rhodes:** One thing I think we should understand is that as far as I'm concerned there should be no unilateral imposition of this policy on any area. If that's happening there will be some difficulties.

**Mr. Riggs:** I'd like to clear a point. I'm out of this a bit now, Mr. Chairman, but in the Windsor area there was great con-

sultation between Windsor and the county and various municipalities including Leamington, Kingsville, and so on. We wound up with the Windsor housing authority in Essex county as an authority. That was agreed upon. Everyone down there said: "Yea."

In the Chatham area, we looked at it and the various members and the municipalities said: "No, we want a Chatham housing authority and we want a county housing authority." I think we wound up there with the same thing. What has happened here I leave to my colleague, but in the St. Catharines area, we wound up with three housing authorities. In each case, the municipalities in the Niagara Peninsula said: "We want three." They centred around historical patterns of the Niagara Peninsula and that's how the housing authority came about. So, if something is amiss here I'm quite sure—

**Mr. Eaton:** Something is amiss. There just hasn't been the dissemination of information on it—

**Hon. Mr. Rhodes:** I'd like to know, first of all, whether this has actually happened or whether it's just something that you've been told.

**Mr. Eaton:** It's actually happened because I had to try and get hold of them. I called Bill Ellicott, who was responsible in Petrolia, over a problem. He said: "I'm not looking after that any more." That was how I found out that it had taken place—a week or so after it had happened.

**Hon. Mr. Rhodes:** If that has occurred, and there hasn't been the usual consultation, we will sort that out for you.

**Mr. Eaton:** Okay, get it sorted out then. Thank you, Mr. Chairman.

**Ms. Bryden:** I want to talk about recreational and community services in OHC units. I've had responsibilities elsewhere for most of the committee sittings so I haven't been able to hear whether you have already discussed this in some detail.

**Hon. Mr. Rhodes:** No, we haven't talked about it.

**Ms. Bryden:** I want to talk about the general principle, about what sort of services should be provided and whether they vary according to the size of the unit and, also, where the housing authorities fit in on the provision of such services. I wasn't here when there was some discussion on how soon Metro Toronto would become its own separate housing authority. Is there a date set for that?

**Hon. Mr. Rhodes:** No, there's no specific date for that. We've had some discussions and negotiations but we have no specific date on that. It's something that we're talking about with Metro, working out some of the details as to how it would come about.

**Ms. Bryden:** I wanted to ask, as the general question, what sort of community recreational services does OHC consider it should provide? Does it vary according to the size of the building or the size of the complex? Other than tenant relations officers; I'm not talking about them. I'm talking about services such as leisure time activities, the organization of recreation services, euchre, sports services, the provision of day care and the provision of personal home visiting and personal counselling, special programs for senior citizens, both to help them stay in their own homes and to provide them with special recreational outlets, and youth work. Those are the sorts of services that a lot of people feel might cut down some of the problems we were talking about earlier when we were talking about vandalism and problems of having people adjust to this kind of community living in highrise apartments.

**Mr. Minister:** I also wanted to bring to your attention a particular situation which appears to have reached crisis proportions at the moment. It happens to be in St. James Town rather than in my own riding. I imagine the member for St. James probably already knows about it to some extent.

**Mr. Hodgson:** Nice to have help isn't it? [5:30]

**Mrs. Campbell:** Thank you very much.

**Mr. Hodgson:** Perhaps that's the problem.

**Hon. Mr. Rhodes:** I can tell you, if something's happening in St. James Town that she doesn't know about, there is something wrong.

**Ms. Bryden:** That is probably true, but she probably has a lot of other things to talk about in these estimates, and this was brought to my attention. I think it is something that we should look at at the moment to see whether something can be done about it.

I understand that the OHC units in St. James Town are managed by Meridian under contract with OHC and that Meridian has a contract with the YMCA to provide recreational services. There have been a number of additional services provided through the YMCA office, but not necessarily provided by the YMCA, through some LIP



funded programs and some volunteer programs.

In particular, there was a nursery school operated, which is now closed. There is a HELP service for senior citizens which helps them with shopping and in their own homes and with minor illnesses and certain maintenance or cleaning problems. There was also a community visitor who kept in touch with seniors and tried to bring that sort of human touch that a lot of seniors need in the way of a visitor. A lot of them are very isolated and on very low incomes and do not voluntarily engage in recreational services unless somebody comes to them and persuades them to join in. There was also a volunteer library, a volunteer free store and things of that sort.

With the drying up of LIP projects, most of these volunteer services, or LIP-funded ones, are about to disappear or have already disappeared as of the end of June. While some of them might be funded under a Canada Works program, there is a rule in Canada Works that any employee who worked for LIP cannot get a Canada Works grant, which seems a very short-sighted view because the people who have been providing some of these services under LIP grants are now fairly experienced and were doing very valuable work and have no chance of getting funding under Canada Works. It would be new people and they would have to start from scratch.

The St. James Town project is a very specialized sort of OHC situation, as I am sure you are aware, in that there are a great many senior citizens in it and a great many people who are very isolated and need some support services. The group that was interested in providing these services did try to get funding under The Elderly Persons Centres Act, if this project could have been declared such. Apparently that was denied as it did not qualify under that Act.

What I am really saying is could OHC not undertake some responsibility in this area in this particular project to help these very useful services to continue? These are the ones that are about to be closed down or have already closed down or where people are operating them without pay, such as the HELP service for senior citizens, the community visitor, who was one person who was doing very valuable work and the nursery school, which is really very essential. A lot of the people in St. James Town are single parents who need the relief that a nursery school can give, where they can put their kids for a day or two a week to give them

some chance to get out and get into the community. I would like to know what responsibility OHC feels towards that kind of activity.

In my own riding, I think there are two senior citizens' apartments, and I understand that they don't have anything but a tenant relations officer. They have no recreational program. One is on Edgewood and one down at Eastern Avenue, which is mainly senior citizens. I don't think even the one on Eastern Avenue has a recreation room, but I don't think the Edgewood one has either. They used to apparently have euchre drives in an adjacent building, which I think is maybe another OHC building, but that has petered out too.

I would like to know what the program is, whether there is any provision or plans for funding some sort of co-ordinator to get some of these services provided. I think, in the long run, it would add greatly to the community and to the sense that people have that they belong together. There would be fewer problems of intertenant relationships if they met more frequently in leisure time activities.

**Hon. Mr. Rhodes:** I suppose the easy answer would be to simply say, "No." And I suppose in the long term that is probably what the answer is. You see, I am not going to be euchred by any level of government into providing services that they have some responsibility to provide. The LIP grant situation has been going on for some time. Now we have got Canada Works. All of them are one-time, short-term programs that accomplish a certain degree of good during the time that they are in place. But they have these termination dates and we have been caught on a number of occasions that as soon as the federal funding terminates, they look around for some other funding to continue the thing, knowing full well when it began that it was going to be a short-term service.

Secondly, the community has some responsibility in recreational facilities. We feel at Ontario Housing, that as a corporate citizen within the community, a taxpaying citizen within the community, that people who live in our projects should have a right, and they do have a right, to call upon the services that are provided by the municipality in which they live. The provision of these various services that you mention are all desirable, but there are agencies within most municipalities to provide them. I would have to say to you that I don't believe that Ontario Housing should now find itself get-

ing into, on a full-time basis, the sort of thing that you are talking about. There are agencies within the municipality to provide that, even within the community in which that particular unit is located.

That might not be as applicable to St. James Town because of the great size. Certainly I have discussed this with the member for St. George in the past. That complex does have some unique problems because of its large size. But I don't really think that Ontario Housing Corporation should become involved in these various social services. We are, for all intents and purposes, a landlord, a provider of the facilities in the units in the community. Surely to goodness, if people have been volunteering to do these particular activities in their community, if they sincerely wish to help these senior citizens in particular, they can continue to do so on a volunteer basis.

**Mr. Philip:** May I ask you something pertaining to that, with the member's permission?

**Ms Bryden:** Yes, certainly.

**Mr. Philip:** One of the things that gives some kind of continuity to the ups and downs of Canada Works and LIPs and so forth, is those areas in OHC where you have at least provided some kind of office space for the tenants associations. Employees come and go as LIP comes and goes and as Canada Works comes and goes, but at least here is some centre for documents, and files, where people can meet. Local tenants to fill in some of those services which perhaps have been eliminated because they did not get an extra grant, or because some other source of revenue didn't come along.

I am wondering if there is any kind of policy as to which tenant groups or which developments are allotted space for that kind of thing. In my own riding, Etobicoke, the Eastcrest Crescent development has a very good service unit that is used by the tenants' group and by other people that help out in the community. The tenants in 75 Tandridge—that is a larger development, I believe, in terms of units—have applied over and over again. I believe the only people who have been given any kind of space is the senior citizens' club, if I'm not mistaken. Is it the discretion of the local manager, because they're both under two different managers? One is managed by Montreal Trust and the one that has been given space is being managed by OHC directly.

**Hon. Mr. Rhodes:** All of those decisions are made by the board and each one is dealt with on its particular individual merits and

requests. Don't forget that when you supply space for some of these facilities, you're really taking units out of use. Again, I go back to the point that our prime purpose is to provide units. I don't think we should be taking units out to provide office space for various agencies to function.

**Mr. Philip:** Does the board have some kind of objective criteria that tenants groups can look at and say, "Yes, we probably will qualify and therefore it's worth our while to make a request," or, "No, we will not qualify"? When you have two groups in the same community and one group is granted some kind of office space and another group isn't granted it, then they feel that possibly it is some caprice of management, or something like that. It opens the way for a lot of innuendo, for a lot of rumours and a lot of suspicion at the local level.

I'm wondering if you have some kind of objective criteria whereby you can go and say to the group that is not being granted the space, "Look, you didn't qualify because you didn't meet criteria A, C and X, whereas the other group did."

**Hon. Mr. Rhodes:** No, there are no criteria established.

**Mr. Philip:** So, it's a matter of going over and over again in the hope that sometime they'll persuade you.

**Hon. Mr. Rhodes:** Okay, fine, if that's the avenue you want to take. But I just don't want everything built into these little boxes—if you follow these criteria or you follow those criteria, and if you reach this level you pass go and collect your \$200 and move on to the next spot. That's not a philosophy I buy.

I think everything has to be done on its own particular merit, which varies from building to building and from complex to complex. From tenant association group to group they vary on what their goals are, what they want to do and how they're going to go about doing it. It just isn't something I'm a great supporter of—you put down a whole set of complex rules, or even simple rules, that everybody has to fit into like a little box. I don't like that.

**Mr. Philip:** Would you not agree, though, that unless you have some kind of objective, or at least simple rules, you're always open to the suspicion that perhaps the reason one group got it was that the manager approved of the tenant group and in another case the reason the tenant group didn't get space was that the manager didn't like tenant groups



around or didn't like that particular board that was elected by the tenants?

Hon. Mr. Rhodes: I suppose you're always going to have that sort of criticism.

Mr. Beesley: Could I answer that, Mr. Chairman? We were discussing earlier on Thursday the funding of tenant associations, a matter in which FOTA has participated with us on an ongoing committee. Of course, one of the things we struggled to deal with in the discussions and deliberations of the committee was what kind of criteria do you lay down for one tenant association to seek and entertain funding and another not to. I suppose your question bears in on that same principle.

The percentage of residents who are really sort of signed up or are members of the tenant association is one criterion—the 30 per cent factor was ultimately agreed upon by FOTA. I suppose we'd then have ourselves somewhat set up with a hypothetical case where three groups representing 30 per cent might come forward and seek funding or might seek provision of accommodation as part of their work activity plan. We might have three groups wanting units and we would then have to face, hypothetically again, pulling two or three units out of the portfolio.

This funding of tenant associations, as I mentioned to you on Thursday, has been approved. The meeting which was held with FOTA on the Monday previous had ratified it. The next step is to move forward to the local housing authorities and to approach the various municipal councils because it's predicated on municipal approval of that funding. It does increase the operating losses of each project and the municipality is, of course, asked to share 7.5 per cent.

[5:45]

But I think the most important thing to bear in mind for any tenant group that might approach you is that they have to be clear on what their goals are and what their work activity plan is. Without giving them a guideline as to a successful submission, we would rather their own group develops what they want to do as an association and how they want to go about reaching those goals. We haven't any blueprint or laid-down criteria that they should follow in putting together that particular work-activity plan.

Ms. Bryden: If I may just respond to what the minister said about why the community or volunteer groups shouldn't look after these services, I think we have to recognize that OHC serves a special constituency of senior citizens, single parents and families often

with larger numbers of children. Many of the families have low and modest incomes, and they cannot afford other forms of recreation, or to join clubs.

I think OHC perhaps has a responsibility to assist those people with some sort of recreational things. Otherwise, they are just really putting them in filing cabinets and the senior citizens, if they are left in isolation, are going to become senile, they are going to become problems that will ultimately land them in hospitals and nursing homes.

Hon. Mr. Rhodes: Just let me interrupt there just for a moment. I have never yet, in most of my experience, met a more enterprising group than the senior citizens; they are prepared to get out and do things on their own as sort of a self-help organization. I know there is no quicker way of destroying a good hard-working volunteer group, who get a great deal of satisfaction out of what they are doing, than to have somebody come along and say: "Hey, we are going to fund that. Here's the money for it. Now, of course, because we have government money involved, we are going to have to put somebody on our staff in there to supervise you."

The first thing you know, all those volunteers look up and say: "Well, okay, you run it. Goodbye, you don't need my help." And they leave. It destroys them, and I can name you list after list after list of areas where government has got involved through the funding process, then there are checks and balances in watching where the funding is going, and it ends up with an administrative nightmare that you shouldn't have had in the first place. And away goes all the volunteer help.

I just don't accept the fact that you say that we serve a special constituency. We serve a portion of that special constituency. A tremendous number of senior citizens in our society today don't live in OHC buildings. The greatest percentage of them doesn't live in our units. There is a great percentage of single parents that doesn't live in our buildings and a great percentage of large families that doesn't live in our buildings. And some of them are in the middle incomes, and the lower incomes.

What we are doing is meeting a part of that constituency. Surely if there's some value to tenants associations—your colleague has certainly and, I think, properly pointed out that he feels there is—then they should be given more responsibility.

It seems to me that instead of trying to run the shop and get hold of the manage-



ment of the facilities, which is a power struggle in some cases, if they want to go out and get active in those particular areas of providing just the things you are talking about—organized recreation, facilities where people can get together and enjoy each other's company on a recreational or social basis—that's what they are there for. That's what they can do within their own competency, without having somebody from Ontario Housing Corporation going in and blowing the whistle: "Everybody into the pool. Everybody out."

You know, you don't need that sort of thing. You have a tendency to want to organize everybody into this; "You have to follow these criteria and those are the rules and regulations." Hell, we have got too much of that in our society today as it is, and I just don't buy that.

**Ms. Bryden:** Well, Mr. Minister, the fact that in my riding there is no recreation in the two OHC buildings indicates that the volunteer method hasn't worked. That you do need a co-ordinator to get these things going. There was apparently a euchre club at one time and it disappeared.

**Hon. Mr. Rhodes:** Why?

**Ms. Bryden:** I don't know. Probably because there was no co-ordinator, nobody who was there full-time to get these people together, to organize things. I agree that you could use volunteer help, but you still need the co-ordinator.

**Hon. Mr. Rhodes:** You can't co-ordinate interest.

**Ms. Bryden:** And you talk about all the senior citizens elsewhere who are looking after themselves, but many who are living in their own homes have a different sort of approach to community activities. They are more likely to come out and share, whereas the high-rise creates certain problems of isolation and of being sort of locked into the kind of buildings that are not really designed for family living or for senior citizen living. I think you have to compensate for those—

**Hon. Mr. Rhodes:** I can't let that go by because if you are relating the total experience to what is occurring perhaps in your area, or for that matter what is occurring in some of the larger centres like Metro Toronto and others, it just isn't so in many other communities. I have highrise senior citizens buildings in my particular area and those people are the most organized, in fact sometimes too much so. They have their own groups, they have their recreation, they have their activities they have organ-

ized. And frankly, what they would tell somebody from Ontario Housing who tried to get involved I would not want to repeat here. Their vocabulary is quite good.

**Mrs. Campbell:** Colourful.

**Hon. Mr. Rhodes:** Yes, it is colourful.

**Ms. Bryden:** Are there any recreational services funded by OHC in any of the larger complexes?

**Mr. Beesley:** Mr. Chairman, we have a pilot study on funding—what you could call purchase of service. The total amount of money involved in this operation is around \$110,000 to \$115,000 and it involves non-municipal agencies. In other words, we are not considering submissions from municipal parks and recreation departments.

We did receive proposals about a month and a half ago and selected about seven or eight proposals from different agencies like the YM and YWCA and a number of other youth-oriented organizations like Kiwanis and boys' clubs and different agencies like that throughout the Metropolitan area who would come in and design a specific program or a particular project.

It wouldn't be something that we would be funding beyond the OHC project itself. It is an experiment only. It gives us some concern, because of the segregation approach that it conveys. It is something specifically for OHC residents because it is funded through the provincial budget.

**Ms. Bryden:** Well, many private highrises have their own recreation program and recreational facilities built in as part of the rent.

**Mr. Beesley:** That is an incentive to market the product as they provide more and more of these facilities you describe—swimming pools, squash courts, saunas and so forth. They obviously have to charge in their rental scheme to attract the residents to pay that higher rent.

**Ms. Bryden:** When you say \$110,000 to \$115,000, how many projects is this going to, this pilot project?

**Mr. Beesley:** I can get you a list. I don't have it immediately available, insofar as the ones that were selected for 1977 are concerned, but it is readily available and I can provide it to you.

**Ms. Bryden:** If you are doing a pilot project, does that not indicate that you do feel that there is an area where OHC should be involved? Perhaps it would solve some of your vandalism and youth problems that occur in some of the larger units. It might also improve the image of public housing.

**Mr. Beesley:** Well, perhaps. But to answer your first question, it is not really in response to a local parks and recreation department program. Perhaps more correctly, it is where a specific program is not being provided by a local parks and recreation department that we have reviewed and entertained these specific proposals.

In other words, it is not something that would normally be available through a local parks and recreation department. It is really designed for a specific group or a specific need in a community. Quite frankly, we have some concerns about its cost effectiveness. We certainly have no intentions at this point to expand it throughout the total portfolio. It is being examined on a pilot basis in a number of communities and I can get you the details of the specific communities and types of programs that we entertained this year.

**Ms. Bryden:** I would appreciate receiving that. Perhaps we can monitor the results and see what they are.

I have just one other small item which will probably just take up the last five minutes if I can go on with that. It's with regard to the OHC's employment policies. I've only heard about it within Metro Toronto but I imagine it applies across the board to some extent.

On maintenance staff, what has been reported to me is that they have a number of casual employees who are brought on for periods of four to eight weeks and then laid off for periods of four to six months. In the Toronto area there are about 60 people on the list who never seem to know when they're going to be called, when they are to be laid off, or how long they're going to be off. They may become quite familiar with one building where they work for eight weeks and, if there was a vacancy there, they would probably be the best person to hire, but they don't seem to have any opportunity to get on to the permanent staff.

What I really question is this kind of employment practice. In effect, you're requiring the unemployment insurance system, or the welfare system, to subsidize the employees for perhaps a year or more in just using them for very short periods.

It seems to me, in maintenance work particularly—where, as we all know, maintenance work is never done—there could be full-time jobs worked out that would be much more satisfactory from both the employer's point of view and the employee's, so that the employees would have a year-round job and would be able to support their families and not have these long layoffs. Also they feel,

since they don't have the protection of the union—because they're only part-time or only on for short periods—that they have no idea when they're being called back in the correct order of seniority or whether it's favouritism as to whom the person who does the calling back chooses. Apparently they can join the union after three months, but if they're only on for two months and then laid off and then on for another month, the union doesn't count that. They have to have the three-month period and some of them never seem to manage to qualify.

It seems to me that it's a very irresponsible way of treating working people and that we could work out more full-time employment for a smaller number of people so that they would then know that they had regular employment.

**Hon. Mr. Rhodes:** First of all, let me say that the maintenance program of Ontario Housing Corporation is not a make-work project. That's number one.

Number two, the people that you're talking about for the most part are employed to fill in for absentees, people who are off ill, people who are injured and are on workmen's compensation. They are asked to fill in for the period of time that that job has to be filled.

We don't simply create jobs for the sake of saying to the guy: "We're going to keep you on full staff." We have an accountability as well for what our budget is and for how much money we spend on the maintenance programs.

By the same token, when a person's illness has terminated and he is now ready to go back to work, he goes back to work because he is, in fact, a full-time employee and entitled to return to his job. I can just imagine the hue and cry if we didn't take him back. He's entitled to go back to work. The person who is, as you described him, a casual employee, is a fill-in.

It's not a question of attempting to hire people and keep them half on employment and half on unemployment insurance. That's not it at all. They are taken on staff when they are needed for a specific reason. Sometimes it's seasonal. But to take what I read into your comments that we should be creating extra jobs to give more people work, I don't accept the philosophy that we should hire more people than we need to do our particular chores.

**An hon. member:** She didn't say that.

**Hon. Mr. Rhodes:** More full-time employment would need fewer people. We only hire the people we need.

**An hon. member:** What's the ratio?

**Mr. Chairman:** The time has pretty well expired. I'd like to make a statement that

Mr. Lane, Mr. Newman and Mr. Hall are the next three speakers, in that order.

The committee recessed at 6 p.m.

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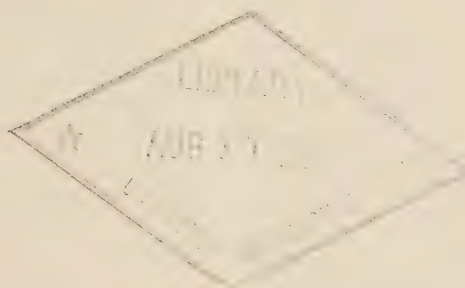


# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Housing



**First Session, 31st Parliament**

Monday, July 4, 1977

Evening Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC

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## LEGISLATURE OF ONTARIO

MONDAY, JULY 4, 1977

The committee resumed at 8:04 p.m.

### ESTIMATES, MINISTRY OF HOUSING (continued)

On vote 2104; Ontario Housing Corporation:

**Mr. Lane:** Mr. Chairman, it was very interesting this afternoon to listen to the various comments from the various members of the committee. Our problems in my riding and in the sparsely populated areas of northern Ontario are entirely different from what they are, obviously, in heavily populated areas. The security problem Mrs. Campbell and Mr. Philip were worried about doesn't exist in our area. However, we do have problems.

Firstly, I would like to say to the minister and to the OHC staff who are here that as far as I am concerned the senior citizens' rent-geared-to-income housing is the best way to keep elderly people happy and comfortable in the sunset years of life. We really had great success with these projects in the north, and I have never had so many happy people as we have who are living in these units. The trouble in the north and in my riding particularly is that we have some small towns, and as was pointed out this afternoon it is getting increasingly difficult to administer small projects. We are not talking about 10 or 15 units, if we can help it, and yet this is really what is required in the sparsely populated areas.

I wonder, Mr. Minister, how you are going to work out the programming in areas where you are talking about three or four municipalities coming together. In one case in my riding right now it is Carnarvon and Campbell townships. Carnarvon is an organized municipality and Campbell is not organized. You are talking about having all the units in Carnarvon township—who is going to pick up the tab for the seven and a half per cent?

**Hon. Mr. Rhodes:** First of all, if the area is unorganized, it isn't a municipality so we can't deal with it.

**Mr. Lane:** Yes, but they want housing. We are discussing with them right now the fact that they might go into the other municipality.

**Hon. Mr. Rhodes:** But we just don't put housing into unorganized areas because of the subsidy arrangement between municipalities and the federal and provincial governments.

**Mr. Lane:** But in this case we are already debating with the municipality and with the people in Campbell township about how many units we can accommodate in Carnarvon township which is organized, but shall Carnarvon township council be responsible for 7.5 per cent of the total units? This is what I am questioning you on.

**Hon. Mr. Rhodes:** If they were prepared to absorb that, yes, because we have no way of collecting the 7.5 per cent when there is no municipality to collect it from.

**Mr. Lane:** This is the thing I was going to point out to you, the difficulties in trying to get three or four municipalities, three or four townships to come together, especially in the north. A lot of them are unorganized.

**Hon. Mr. Rhodes:** We aren't going to be able to do it as far as the unorganized areas are concerned. That's one of the reasons we talk about limiting the size of our projects in cases in the north, where that isn't going to be applicable because of the great distances between municipalities. We are going to have to have some flexibility.

**Mr. Lane:** I was just concerned about that—

**Hon. Mr. Rhodes:** Excuse me, did you say the unorganized area was called Campbell?

**Mr. Lane:** Campbell township is now negotiating with your people as to whether or not they will be a part of Carnarvon itself.

**Hon. Mr. Rhodes:** But it is unorganized, is it?

**Mr. Lane:** It is unorganized.

**Hon. Mr. Rhodes:** I see.

**Mrs. Campbell:** On a point of privilege.

**Mr. Lane:** Okay, Mrs. Campbell, it was no reflection on you.

**Mrs. Campbell:** Thank you.

**Mr. Lane:** But in any case, I just wanted to point out, Mr. Minister, that this situation does exist in the north a great deal. When



you are trying to pool municipalities, you are going to find out that in the middle someplace you've got two or three that are unorganized and yet they do need more housing.

**Hon. Mr. Rhodes:** That's something we are going to have to work out as far as the organized municipalities are concerned because there is no municipal structure to deal with. If something can be worked out in the way of finding a way to get the participation of the residents of that particular township in some sort of organized way to contribute—even if it was towards the operating expenses, the operating deficits rather—then fine, but otherwise we can't do it.

**Mr. Lane:** I guess the only legal body they have is the roads board, which is a legal body of a sort.

I just wanted to point that out to you. That's one of the problems we are going to run into in the north when we try to pool—I agree with you that it's nice to get three or four municipalities coming together—but if we get two or three of them that are not organized then we are going to have difficulty getting that one organized municipality to pick up the 7.5 per cent.

**Hon. Mr. Rhodes:** It does seem to me though that if a municipality or a township—or a group of townships—but a township in particular, has reached the point where it has a rather substantial demand for that form of housing, then perhaps it's time it was organized or became part of an organized community.

**Mr. Lane:** I've been saying that for a few years but it doesn't sell very well, as you probably know.

**Hon. Mr. Rhodes:** Yes, because they'd like the best of both worlds. You can't blame them for that.

**Mr. Lane:** I would like to follow along a little bit on what the member for Middlesex (Mr. Eaton) was talking about before dinner. I understand there are a few cases in the province where rather than Ontario Housing actually owning and operating the units and having a 50-year mortgage you invite tenders and guarantee 15 years of full rental occupancy and then after that the guy is on his own?

**Hon. Mr. Rhodes:** We say to the person who participates in that particular program that we will guarantee him OHC tenants for 15 years. At the same time, they also guarantee us that they will have them available to us for 15 years.

**Mr. Lane:** Wouldn't this be a good way to get around these small municipalities that need maybe 15 units? We are sort of getting off the hook; we are providing the facilities and yet at a time when those facilities are going to need renovation they don't belong to us any more, they belong to the owner. It seems to me it's a good way to get private enterprise drawn into the system that would provide—

**Hon. Mr. Rhodes:** No problem. Private assisted rental—they can build 15 units, 10 units, if they wish. At the same time we have the rent supplement program which we can use in communities like that.

**Mr. Lane:** Have you discussed this with the areas that have a smaller demand?

**Hon. Mr. Rhodes:** Oh, sure.

**Mr. Lane:** I personally think it would wash well in my riding.

**Hon. Mr. Rhodes:** Mr. Eaton, who is now here, has one such project in a community in his riding.

**Mr. Lane:** But it's a heavier populated area.

**Hon. Mr. Rhodes:** Well, it's quite a small community and it's a small project, really, that we are talking about.

**Mr. Lane:** These people, as I say, are happy but they are happy because either they were farmers and they are now living in rent-geared-to-income apartments in the town where they have done their shopping or they lived in that town to start with and they wanted to stay there.

If they have to go 25 or 30 miles away then they are not so happy. I am wondering if, maybe, we can keep them happy by helping ourselves to help them and yet not be on the hook for 50 years. Let this be private enterprise operation and get the people involved, because, as I see it, there are other advantages. Assuming, for example, a certain municipality needs 25 units—they may also need 10 or 20 or 25 units—nursing home beds and so forth, and if we have private entrepreneur doing this, there is no reason he can't do them both together whereas if we are doing it, then, of course, we have a separate operation.

I think the worst thing we can do for a people is to uproot them at a point in time when they don't want to be uprooted. In other words, if they start off at 65 and live until 75, or so, in a rent-geared-to-income apartment, if they can go into a nursing home next door where the environment is practically the same, they are a lot happier than they would be if they were dragged

down the road some place 30 miles away and have to start in a new situation. So I can see that being an advantage in the smaller, less-populated areas.

If we do it by tender, we are off the hook after 15 years and the chap has a chance to come in with a nursing home in smaller units than normally would be viable and yet the total thing would probably make a viable operation for him. So I would like to think you might explore that a bit in the north—especially in the north and maybe other places as well, but certainly in the north.

The other thing I was a little concerned about the other day—I understand the member for Middlesex raised this point as well—is that on Manitoulin we have about 60 units in four different projects and we have a manager who works with the Sudbury Housing Authority and is only part-time. He is employed by the town as a full-time employee but he and his wife work as part-time employees with Ontario Housing.

He does a great job, but now the Ontario Housing people in Sudbury have decided they want to have a housing authority in Espanola and the Manitoulin councils are all voting against it because they feel the man who is presently doing the job is not going to move to Espanola, take up accommodation and do this job. They are all voting against it because he is doing such a hell of a good job that they don't want to lose him. I am wondering—when we are talking about housing authorities—if there is any way, in the smaller areas, the less-populated areas again, if we can have such a person. I understand that in Algoma district we don't at this moment have a housing authority.

**Hon. Mr. Rhodes:** The housing authority in Algoma district is one authority that covers the whole district including the city of Sault Ste. Marie.

**Mr. Lane:** Elliot Lake is in Algoma district and yet it is represented from Sudbury. Sudbury housing takes care of Elliot Lake.

**Mr. Beesley:** It could be a temporary arrangement pending—

**Mr. Lane:** It has always been that way.

**Hon. Mr. Rhodes:** If it is in the district of Algoma—

**Mr. Lane:** We haven't got anybody on a housing authority from Elliot Lake and there are 9,000 people—

**Hon. Mr. Rhodes:** —I remember we did not have a housing authority—you are correct—in the district of Algoma. It was all a direct management sort of thing. But the new authority is being established now

which will take in the entire district and there will be representation on that authority from Elliot Lake.

**Mr. Lane:** When will that happen?

**Hon. Mr. Rhodes:** It is in the process right now.

**Mr. Beesley:** It is in the process. It is quite advanced. As a matter of fact, the agreement has been reached just awaiting appointment of members to have the inaugural meeting.

**Mr. Lane:** I was surprised to find there wasn't a housing authority in Algoma.

**Hon. Mr. Rhodes:** That's not unique. The very point the member for Middlesex was making was that there was no housing authority in Middlesex County, there are a number of areas where there were no housing authorities, which are direct management by OHC.

**Mr. Lane:** As you can appreciate, Mr. Minister, with the housing situation we have in Elliot Lake at the moment and having no housing authority and no member from Elliot Lake, there is some concern, rightly so, about the situation.

The other thing that concerned me was, just before dinner one of your people was suggesting, I believe, that there was consideration being given to funding tenant organizations. Is that right?

**Hon. Mr. Rhodes:** Yes.

**Mr. Lane:** I hope it is not right.

**Hon. Mr. Rhodes:** Yes, it's correct. That is not new. That goes back a number of years. We have to have the agreement of the federal government, but there has been some funding of tenant associations. I would have to go back how many years, Mr. Beesley?

[8:15]

**Mr. Beesley:** We've been assisting the FOTA organization, that is the provincial umbrella group. We just completed the second year of that as of March 31, 1977, and we're getting consideration for the third and final year funding. The tenant association funding, which the minister referred to, relates to the local tenant association, relating to the local public housing projects in all the communities.

**Mr. Lane:** You're talking family housing or—

**Mr. Beesley:** Family or senior.

**Mr. Lane:** I think it is most unfortunate really if we shove our nose into the senior citizen situation because these people are doing a great job for themselves. I've had

the opportunity to be in Massey, Espanola and Elliot Lake, and they have their own organization. They are doing a great job. In Espanola, once a year the Lions Club invites the seniors out and they have a whole afternoon of fun. They buy them a drink, cook them a dinner and they have a sing-song and they used to have a great time at the expense of the Lions Club. Everybody enjoys it, including the Lions Club. Yet if it became known that we were funding them, there wouldn't be any need for the Lions Club to do this and there would be a lot lost there.

**Hon. Mr. Rhodes:** Exactly, but of course keeping in mind one thing, the funding of a tenant association doesn't necessarily mean the funds that would be going to them would be used for the purpose of providing entertainment and social activities. I'd think you'd find they would continue to provide that for themselves or, as you say, through the service clubs. I think the funding that has gone on, and I certainly stand to be corrected by those more closely involved with it, has been a sort of administrative funding really—

**Mr. Beesley:** That's right.

**Hon. Mr. Rhodes:** —at the associations themselves, which then make recommendations on behalf of the tenants to the local authority or the housing manager of the area about things they would like to have considered. It's not giving them a lot of money to entertain themselves. In some cases they raise their own money, too.

**Mr. Lane:** As long as it doesn't spoil the situation we have now. I'm not so familiar with family housing, because we don't have very much of it in my riding, but the senior citizens, basically, are very active people and they take pride in what they are doing themselves.

**Hon. Mr. Rhodes:** Agreed.

**Mr. Lane:** Also, as I say, the other service clubs take a chance once in a while to entertain them or take them out with a bus on a trip or something. If it became known that there was no need for this because they were well funded from the province, I think it would spoil this kind of an effort. I think it's really very important to people at that age that they do these things for themselves. So I was a little unhappy to think we may be going to sort of spoil that. However, I'm pleased to know that that's not going to be the case.

The thing I would like to leave with you is that this housing authority that you people

would like to start in Espanola that would service Massey, Espanola, Manitoulin Island, ministry is concerned, we think it can be approved by the local councils because the Manitoulin councils, who have the most organized municipalities in the area, are not going to approve it since they are so happy with Mr. Caldwell who is acting manager of the units on the island. We would have to work it in, somehow or another, that we still have that type of liaison—he and his wife know everybody who needs this kind of housing. They simply sit down and listen to their problems and talk to them on a personal basis. Somebody coming in from Espanola or Sudbury wouldn't be known, and the people withhold information and don't really appreciate it.

A way would have to be found whereby we can set this authority up so that we'll have a person on the board or some person having responsibility to actually look after these people, as they're being looked after now. Manitoulin councils have voted it down and said, "No way." Yet you people in Sudbury have said we have to have it.

**Hon. Mr. Rhodes:** I think I could qualify that; there is nothing that says we have to have anything. We've entered into negotiations and discussions and I want to make that awfully clear. We're not jamming this down anybody's throat. I don't want that to happen and it's not going to happen. I'm a little bit unhappy over the fact that seems to be the message that is going out that it is being jammed down people's throats. It shouldn't be. We want to negotiate with these people and determine if we can set this thing up effectively.

Now it is working in areas. There are some areas where discussions and negotiations have gone on. There has been an opportunity to understand what is being proposed and the municipalities in the area have agreed and gone into the setting up of these authorities. If there are some problems we would like to continue to meet with these people and discuss it with them and, hopefully, allay their fears and show them it can work. But nobody is going to jam anything down anybody's throat.

**Mr. Lane:** Personally, I favour it because Sudbury being a regional municipality and that section of the country I represent not being a part of that region, I feel we should get the service out in Sudbury. But, by the same token it is going to be vetoed unless we can, somehow or other, assure these people that they are going to have the kind of personal respect and the services they are



now getting from the settlement on Manitoulin Island.

**Hon. Mr. Rhodes:** As I say, we are not going to jam it. We are going to make sure that the thing works out.

**Mr. Lane:** The other thing I would just like to restate is that I would like to think that in places like Carnarvon and maybe the North Shore Improvement District and even Espanola, we would think in terms of asking for bids rather than do it ourselves. This way, the entrepreneur could take under the umbrella another service that wouldn't necessarily be a part of Ontario Housing.

**Hon. Mr. Rhodes:** You are referring again to the private assisted rental program. I think there is something we have to keep in mind. I like the idea; it is working well in the areas where we have been able to go ahead with it. But do understand that we are in a partnership situation, that we are allocated a number of units that we can develop in any given fiscal year, by the federal government who are our senior partners. This year our allocation has been 3,000 units; that is up from 900 a year before. As I said here earlier in the committee and in discussions I have had with Mr. Ouellet about this particular program, he seemed to be much more receptive than was his predecessor. I like to attribute it to my own personal charm! No, really I am being facetious. He has been very co-operative.

**Mr. Breaugh:** Why did everyone smile when you said that?

**Hon. Mr. Rhodes:** I notice you didn't respond until Bernie gave you the cue.

If we can get more allocation in this way, if we can move money around a little bit to provide more of the private assisted rental plus the rent supplement, then we are quite happy to do that. We think it works. We think it is effective. Probably it is going to mean I will have to go back and have another chat with my friend, Mr. Ouellet.

**Mr. Lane:** You take part of my riding, Killarney; less than 500 people live there and they are 40 miles from the highway. So there is no way we are going to need more than 10 or 12 units in that particular town; yet, they do need them. The only way I can see where we are going to get them is to tender for them and allow this chap maybe to take in a few nursing beds or a home for the aged or whatever they happen to need.

**Hon. Mr. Rhodes:** I don't want to comment, and I won't comment, on some other ministries.

**Mr. Lane:** I appreciate that.

**Hon. Mr. Rhodes:** But as far as this ministry is concerned, we think it can be effectively done under the private assisted rental program, under a direct supplement, provided we can get the allocation from the federal government.

**Mr. Lane:** What I am really saying is that if you people do it as Ontario Housing, then you can't take in any other aspect of the need for the senior people. Whereas, if an entrepreneur does it, he has that opportunity to branch out and take in the other services that may be required in that area.

**Hon. Mr. Rhodes:** That is absolutely so.

**Mr. B. Newman:** Mr. Chairman, may I make a suggestion to the minister: that he change the name of his housing authority in the city of Windsor to Ontario Housing Authority (Windsor). We do have a Windsor Housing Company. People who are looking for housing are so confused, they don't know whether they go to 14400 Ouellette or 78 Park Street East.

**Hon. Mr. Rhodes:** Excuse me. What is the Windsor Housing Company?

**Mr. B. Newman:** It is the municipal housing company. I think that if you call yours in Windsor the Ontario Housing Company or Authority (Windsor), you would eliminate a lot of the confusion in the community.

**Hon. Mr. Rhodes:** Well, I would like to do it the other way. I would like to call it the Windsor Housing Authority (OHC).

**Mr. B. Newman:** That might be an answer but they would still refer to "Windsor Housing." They wouldn't say "Authority." And then when they say "Windsor Housing," which of the two Windsor Housings do you refer to: the Ontario one or the municipal one? It's just a small matter but it does cause confusion and I think you should change it.

**Hon. Mr. Rhodes:** You think that causes confusion? Ottawa calls itself the Ottawa Housing Authority and people think it's the Ontario Hospital Association. It's OHA, no matter how you do it. One guy went down to buy tickets to a hockey game.

**Mr. B. Newman:** You don't find ours as WHA.

**Hon. Mr. Rhodes:** If you do, you've got to get yourself a world hockey crest.

**Mr. B. Newman:** I give that to you, and I hope you do something about it.

The other question I wanted to ask you is how many units of rent supplement have

you in the city of Windsor? And, how many more do you plan to add in the coming year?

**Mr. Riggs:** For family units, we have 88 rent supplement units financed under either section 44(1)(a) or the old program. For senior citizens, we have at the moment—and this was taken off as of April 19 and there may have been one since that time—96 units rent supplement for senior citizens.

**Mr. B. Newman:** Is it your intent to increase the number of rent supplement units, both family and senior citizen in the community, and to what extent in the city of Windsor?

**Mr. Riggs:** That's a matter, Mr. Chairman, of discussion between the Windsor Housing Authority and its chairman and city council on July 18, 1977, at a council meeting.

**Mr. B. Newman:** But is it your intent, maybe, to suggest to them or are you waiting for the suggestion from the Windsor Housing Authority?

**Mr. Riggs:** The problem I have is that we have allocated a number of family units and senior units to Windsor for 1977; and I have the figure here. This allocation was predicated on the fact that the Norton Palmer site would proceed this summer, and we are now looking at our entire allocation of rent supplement units across Ontario to see whether or not there will be any shortfall in other municipalities which can be allocated to Windsor. That review will be done before the 18th so that the chairman of the Windsor Housing Authority will have that information with him at that time. But we are short in Windsor in terms of rent supplement units, for seniors particularly, at the present time, in relationship to the waiting list that Windsor has. This, I believe, is in excess of 400 applications at the present time.

**Mr. B. Newman:** The statistics provided by Windsor Housing Authority as of June 24 of this year indicate the need for 438 senior citizen units. You are providing 96. If you did not have the 96, you would have approximately 534; so you can see that the need is substantial. Naturally, this eliminates anything to do with the Norton Palmer site because of the high costs that we've mentioned earlier in the discussion as far as the subsidy is concerned to the Norton Palmer site.

But I think you've got to look at the fact that you're not going to be able to provide sufficient senior citizen housing just to meet that need, that there should be some percentage relationship between the need for senior citizen housing and the rent supplement program so that you could at least at-

tempt to accommodate those who are in dire need.

[8:30]

There are a lot who don't bother to apply for the senior citizen housing because of the long waiting period. I try to tell them to apply, regardless of the waiting period, at least their names will be on the list and they should keep checking their application on a periodic basis so that they will stay on and eventually get into senior citizen housing. You are short of 438 units. Are you considering some relationship between the number of units there is need for and a rent supplement program?

**Hon. Mr. Rhodes:** First of all, to go back to what I said in a question asked earlier, I have to live within the allocation that Ontario receives from Central Mortgage and Housing with reference to the number of rent supplement and private assisted rental units that they will permit us or in which they will participate in the province of Ontario.

Secondly, there is a demand in a number of municipalities across the province and we try to allot some of the allocations to each of these communities. As Mr. Riggs has pointed out, if we're going to end up in some communities where we may not use up the allocation, we are then able to move those into areas like Windsor and others where there is a demand. But we do have to live within our allocation and we do have to attempt to be reasonably fair in the allocation of what we have to municipalities in the province.

**Mr. B. Newman:** I would only want to be fair.

In the past year, did you use up all of your rent supplement funds as far as the agreement between federal and provincial governments were concerned?

**Mr. Riggs:** We were three short.

**Mr. B. Newman:** A few short?

**Mr. Riggs:** Three or four short.

**Mr. B. Newman:** All right, then.

**Hon. Mr. Rhodes:** Frankly, they are taken up quite quickly.

**Mr. Riggs:** They cut us off very quickly at the end of the year if we don't get the—

**Mr. B. Newman:** You've already allocated those three, at least, to the Windsor area, I hope?

**Mr. Riggs:** We can't carry them over. I'm sorry, Mr. Newman, we just can't, unfortunately.

**Hon. Mr. Rhodes:** But, as I said earlier, we are going from 900 last year, which was our allocation, to 3,000 this year, which is a good step in the right direction. Perhaps we can get an increase—

**Mr. B. Newman:** Well, it's a cheaper program, isn't it? I think it is substantially cheaper.

**Hon. Mr. Rhodes:** I don't think it is in the actual subsidy per unit. You are talking about under the private assisted rental unit housing—there are certain grants and there is federal and provincial assistance involved in it.

**Mr. B. Newman:** I see.

**Hon. Mr. Rhodes:** But it's not right up front, I suppose.

**Mr. B. Newman:** It would be cheaper to the taxpayer, although it may not be cheaper to Ontario Housing; but it would be cheaper to the taxpayers.

**Mr. Riggs:** I can clear this point. The private assisted rental, in my opinion—and I have to say that—is probably cheaper. The ARP program is cheaper because under the new ARP program the loan is repayable. So, the initial subsidy—if you want to call it that—is really a loan and we get the benefit of that loan in terms of our rent. Because they are a loan, we're not paying any differential on the 42.5 per cent. Yes, you are quite right, that route, utilizing the private sector for a percentage of the unit is certainly beneficial to the taxpayers.

**Hon. Mr. Rhodes:** There is another point to be remembered, concerning what Mr. Riggs mentioned earlier about discussion with housing authorities in municipalities; there may be a little education program required here. There are some authorities, you know, who don't like the idea of the rent supplement; they like to own their building. They have their building there, it's theirs, it's part of their portfolio and they don't look upon the supplementing of rents in a building that they haven't got under their direct control as being really part of their operation.

**Mr. B. Newman:** You mean there are empire builders there, too?

**Hon. Mr. Rhodes:** Well, I suppose that might touch upon it nicely.

**Mr. B. Newman:** On the needs of senior citizens: 79 per cent of the need is for bachelor units. Are you programming bachelor units as one of high priority as far as the city of Windsor is concerned?

**Mr. Riggs:** No.

**Mr. B. Newman:** Then you're going to overhouse some of the people, or rather not give them any type of housing when you have 346—

**Mr. Riggs:** This is a touchy subject and I say that, Mr. Chairman, in all fairness. I think if anyone in this room wants to go and talk to seniors about bachelors in Metropolitan Toronto, they will get the answer and they say very simply, "We would much rather have a very small one-bedroom where at least we can have a place to sleep and not have to undo the bed every night, and pay a little more, even, than to live in a bachelor." Metropolitan Toronto Housing Company has had increasing difficulty in renting bachelors, even though the need is there. Since we own the building for 50 years, there is a great deal more flexibility in one-bedroom units, well-designed, and we are still prepared to go that route.

**Mr. B. Newman:** I am only pointing out to you that this is the request of questionnaires sent to those who had applied for senior citizen housing. It is by their request that 346 out of a total of 438 requested bachelor units, as opposed to only 88 out of the 438, or 20 per cent, who requested one-bedroom units.

**Hon. Mr. Rhodes:** With the greatest of respect to those people, I am sure they replied as they wanted to reply at the time. Certainly, again in my own experience, I have some units in my community which OHC operates that are bachelor, and we haven't built any more; they have been one-bedrooms. Those persons who are now living in those bachelor units would really like to be out of them and into the one-bedroom facility. They like that privacy they have of having their sleeping quarters separate. Some of them don't like the idea of having their sleeping facilities right in the area they live in. Although they may have said that, I would venture to say that if you took those 346 persons into those units and then did your survey, it would decline considerably.

**Mr. B. Newman:** I would wonder why you would gather statistics in my community on the two, then. I can understand the one-bedroom as opposed to the bachelor, but apparently your housing authority is asking the people whether they would prefer hostel, bachelor or one-bedroom, and 79 per cent say they would prefer bachelor.

**Hon. Mr. Rhodes:** It may be the desire to have a multiple-choice question, but personally I would never even ask them, because I know what is going to happen.



**Mr. B. Newman:** You know better than I do. I would prefer the one-bedroom myself were I in that category, but you see the answer is that four to one prefer the bachelor.

**Hon. Mr. Rhodes:** The other thing about that, too—let's assume that by some stroke of great luck we reach a point where, perhaps, we have more units than demand. In some areas that is happening. I would like to be able to think we would have a unit that we would be able to rent to someone other than a senior citizen, and certainly the one-bedroom would be much more marketable than a bachelor.

**Mr. B. Newman:** I would suggest to you that you have the bachelor dropped out as a category for gathering statistics in the Windsor area. Maybe Mr. Ruta and Mr. McPhee will read the debates and themselves have it dropped.

**Hon. Mr. Rhodes:** Dropped out of any survey anywhere? I honestly don't think the people in Windsor are any more apt to go for those than they are anywhere else.

**Mr. B. Newman:** In the family accommodations the greatest demand is for two-bedroom units for a single-parent family. Are you attempting to meet that? Are you specializing in that or making a little more of those available seeing that that is the greatest need as opposed to one-bedroom and other categories—three-, four- and five-bedroom?

**Hon. Mr. Rhodes:** I think that's the most popular category right across the province—two bedrooms—and I would think the units we are building now, the majority of them would be two-bedrooms. But we still have to provide three-, four- and five-bedrooms.

**Mr. Riggs:** In rent supplements, particularly, we do get, normally, a good supply of two-bedrooms. Similarly, in Windsor, if you are reading from the same statistics I am, their turnover is around seven to eight units per month. That means upwards of 74 to some 90 units per year become vacant. My waiting list as of April 19—and I recognize my figures are a little less than yours—showed they required 131 two-bedrooms. So I think they are sufficient in terms of the rent supplement units which will be allocated to Windsor, plus the turnover to maintain a very low requirement for these two-bedroom units.

We prefer to put the mother-led family in the rent supplement units because they are in an environment that is integrated rather than, as you know, having buildings

which are 50 per cent or 60 per cent mother-led families, which creates certain social problems that need not be necessary—particularly using the integrated approach we have tried in Windsor for the last couple of years.

**Mr. B. Newman:** I am giving you the latest statistics as provided by the Windsor Housing Authority. I wanted to ask just two other questions. One is: To what extent have you progressed in relation to the Lions Club request for a high-rise complex that would accommodate both the blind and others?

**Mr. Riggs:** I am sorry, Mr. Chairman. That particular request is in negotiation but I can't give a definitive answer on it. I know the project has been forwarded to my minister and as far as I know it is on its way through the mill. That particular one has not reached my desk, but I can find out where it stands and let you know.

**Mr. B. Newman:** Fine. I will contact you myself on that. Then the last I wanted to ask is: Is there some financial assistance to an individual who wishes to remodel his home because some member of the family is handicapped and must be transported in a wheelchair from room to room?

**Hon. Mr. Rhodes:** Done with OHC units?

**Mr. B. Newman:** Yes.

**Mr. Riggs:** Yes, in OHC units we'll do it for them.

**Hon. Mr. Rhodes:** If there is a requirement in the family, it is done by—

**Mr. B. Newman:** I have asked your authorities once before and I couldn't get a reply. So I am wondering if there is.

**Mr. Beesley:** The policy certainly has been to modify the unit.

**Mr. B. Newman:** He wants to modify his own home.

**Mr. Beesley:** Oh, you are talking about a personal home?

**Mr. B. Newman:** Some type of assistance so that he could modify his own home—

**Hon. Mr. Rhodes:** Excuse me. Let me understand you. Are you talking about someone who is an OHC tenant or in his private home?

**Mr. B. Newman:** No, no. He lives in private accommodation but financially cannot afford to modify his own home and wants some financial assistance.

**Hon. Mr. Rhodes:** Shall we allow him to deviate from the vote? He's not a bad lad.

**Mr. B. Newman:** It doesn't matter, if you don't want to answer.

**Hon. Mr. Rhodes:** He could get assistance under the Ontario Home Renewal Program. If it was an income situation, he could be accommodated by the Windsor allocation—

**Mr. Beesley:** If somebody hasn't approved the zoning bylaw then you wouldn't qualify under the OHRP.

**Hon. Mr. Rhodes:** If it is a residence being modified for the purpose of housing a handicapped individual, such as a ramp for a wheelchair or something like that.

**Mr. B. Newman:** Right. Widen the doors, and everything of that sort, and put rails in the house.

**Hon. Mr. Rhodes:** Yes. He can get assistance under the Ontario Home Renewal Plan.

**Mr. B. Newman:** Will one of your officials write me a letter to that effect later, so that I can relay it to the individual?

**Mr. Hall:** Just on that point, Mr. Minister. A supplementary to that question. You have to admit I have been pretty quiet here all day—

**Hon. Mr. Rhodes:** Devastatingly so.

**Mr. Eaton:** Look at all the time you had before.

**Mr. Hall:** On Ontario Home Renewal. What are the requirements to have that in a municipality? An approved zoning bylaw.

**Hon. Mr. Rhodes:** No. It has nothing to do with zoning.

**Mr. Hall:** Or your downtown revitalization project? I have a community where their zoning bylaw has been held up and they are not listed as fund takers under the Ontario Home Renewal Program.

**Hon. Mr. Rhodes:** No, I think.

**Mr. Hall:** There is a need in my community for a guy who needs a dialysis machine in his house and room to house it and the chemicals for it.

**Hon. Mr. Rhodes:** My goodness, we give Ontario Home Renewal Programmes to unorganized communities.

**Mr. Hall:** Okay, thank you.

I would like to have you help me out in getting a broader over-all picture of OHC's present status. Consideration of the estimates is somewhat like considering an expense statement without really looking at a balance sheet as to what your assets are, how many things are in place. Possibly your annual report sets it out clearly, I don't know. It's not set out very clearly here in the estimates. [8:45]

This naturally brings to mind a more total picture of the type of units you have in place, the type of units you had in place last year—by family, by senior citizens, by rent supplement, in Metro and in outlying communities. I notice there is a little bit of information at the very front. Here are the number of units, at February 28, 1977, but it doesn't reflect the progress in the past year, for example.

**Hon. Mr. Rhodes:** You want to know where we were in February 1976?

**Mr. Hall:** I mean, how many units are you responsible for in total and what is the effect of your operations for the past year? The buildup of this information year by year would give this a better handle, statistically, of how much you're doing in housing. It may be on some report somewhere but this is why I'm touching on it now because it's current.

**Hon. Mr. Rhodes:** In Metropolitan Toronto, in total, this is family housing and rent supplement. We're not involved in seniors in Metro.

**Mr. Hall:** I don't necessarily need it to be read out if you've got a lot of detail there but I'd like to have it.

**Hon. Mr. Rhodes:** These are just basic numbers. We can send you this, but just for the record: In 1976, there were 32,151; in 1977, 33,903.

**Mr. Hall:** That's in Metro?

**Hon. Mr. Rhodes:** Yes. In the rest of Ontario, and this includes family housing, senior citizens, and rent supplement, it was 50,975 in 1976; 56,807 in 1977, for a grand total, combining Metro and the rest of Ontario, of 83,126 in 1976 and 90,710 in 1977.

**Mr. Hall:** This doesn't give me the sort of breakdown that I would like to see.

**Hon. Mr. Rhodes:** Do you want family housing, senior citizens and rent supplement, that way?

**Mr. Hall:** Yes, and if that's in such a report I would appreciate it—

**Hon. Mr. Rhodes:** I can give them to you now.

**Mr. Hall:**—and possibly Mr. Breaugh would appreciate receiving it too, I don't know. Along that line, I wonder what your current evaluation of shortfall by types and by areas would show. Do you have a current evaluation of the need?

**Hon. Mr. Rhodes:** We have the figures supplied to us by the housing authorities similar to what Mr. Newman was referring to earlier from the city of Windsor where

they identify what they think their needs are as far as seniors and families are concerned. I think that would be available from each housing authority in the province.

**Mr. Hall:** Do you have housing authorities that cover every area of the province?

**Hon. Mr. Rhodes:** No, there are still some areas under direct management by Ontario Housing Corporation so those figures would be available there.

**Mr. Hall:** Would it be possible, therefore, to get such a list from your ministry of the current estimates of need by type and by area?

**Mrs. Campbell:** That's demand, not need.

**Hon. Mr. Rhodes:** I would just have to comment on the comment that was made by the member for St. George which, I think, is probably correct. That is, the figures we have would be the demand and not necessarily the need.

**Mr. Hall:** Do you want to put that another way? Do you mean the applications?

**Hon. Mr. Rhodes:** No. I think it's fair to say there are people who, perhaps, would qualify who have not applied and we can only go by the applications that we have or by the surveys that are done at the request of municipalities to determine what their particular needs are. It's like gathering any other statistic. If you don't get the response you don't get the numbers. So, we can give you what we have, which is all we have upon which to base our estimate of the need.

**Mr. Hall:** Where a municipality has not asked for a survey, you have no input knowledge as to whether there is any need or not?

**Hon. Mr. Rhodes:** I'd say that until now we have had not too good a handle on it. But we have now got into the housing policy statements with most municipalities and this is producing a much better statistic for us on all types of housing.

**Mr. Hall:** But you'll be able to give us the best that you've got.

**Hon. Mr. Rhodes:** We'll give you everything we have.

**Mr. Hall:** Fine.

There has been a lot of discussion, a lot of numbers have been thrown around as to the amount of rent subsidy and I'd be interested in knowing what the range of subsidy and the average subsidy was, by type, in Metro and outside Metro areas.

**Mr. Beesley:** That's in the blue book.

**Mr. Hall:** Well, which blue book? Do you mean all those blue books, Mr. Beesley?

**Mr. Beesley:** The ones from Metropolitan Toronto. I'm referring to the blue book which provides the operating budgets for the 1,000-odd projects; they would show an indication of the range—

**Mr. Hall:** Do you have that in summary form, Mr. Minister, without reading every blue book?

**Hon. Mr. Rhodes:** We don't have any summary?

**Mr. Beesley:** We could obtain it.

**Hon. Mr. Rhodes:** Would you like us to get a summary of it for you, though?

**Mr. Hall:** Well, I think you would have it lying around fairly handy.

I notice that on page 195 you added 3,800 full-year units at a cost to the province of \$3,583,000—

**Hon. Mr. Rhodes:** What page was that again?

**Mr. Hall:** Page 195. This would mean a provincial share of new units at \$94 a unit, which—based on these numbers—would be equivalent to some \$221 a month total rent supplement; if this is on a 42.5 per cent basis. Does this indicate a fair average at the present time? Of course, it could be coloured by what particular units went into this particular 3,800; they may be more expensive than others. Therefore, I think averages can tend to mislead you.

**Mr. Beesley:** That's right. Depending on the bedroom size too. The bedroom size would have an influence on the subsidies—the larger-size units such as three-, four- or five-bedroom units.

**Mr. Hall:** Yes. What governs the size of your units in terms of the square footage, regardless of the bedroom capacity? Does CMHC set a standard, a minimum standard?

**Mr. Beesley:** Yes.

**Mr. Hall:** What is that standard?

**Mr. Beesley:** It starts with the one-bedroom unit in the 400 to 500 square foot range and proceeds upward. When you get to about a four-bedroom unit, you're talking about 1,200 square feet. There's a range through it. It's a standard minimum space requirement that is part of the public housing program which has been established over the years with CMHC.

**Mr. Hall:** Has that been modified in recent years?

**Mr. Beesley:** Not that I'm aware of. The space needs of families have been considered to be the same.



**Mr. Hall:** So, you are going to give me a summary of the portion of subsidy—whether it be family, senior citizens or rent supplement—and the number of units of each that are currently in place?

**Mr. Beesley:** Do you want us to give you a listing of each community's rent supplement program?

**Mr. Hall:** Well, I don't think it's specifically necessary. I'd just like to have the concept of the average, say, in Metro and the average outside of the metropolitan areas.

**Hon. Mr. Rhodes:** On the subsidy? Subsidy per unit?

**Mr. Hall:** On the cost to OHC—whether it be family, senior citizens or rent supplement—as well as the number of units in place during the last couple of years.

**Hon. Mr. Rhodes:** I would rather break it down though. I don't want to lump them all together.

**Mr. Hall:** No.

**Hon. Mr. Rhodes:** You'd like them in families, seniors and—

**Mr. Hall:** I'm not looking for specific detail. I'm just trying to get a handle on it, a better measurement of the involvement, and the cost of the program.

**Mr. Beesley:** It's a \$200 million program.

**Mr. Hall:** As you say, it is a \$200 million program. Obviously, it is going to be a little different from year to year. In Ontario Housing you are asking for \$134 million this year.

**Mr. Beesley:** As I said, \$134 million provides for the provincial share—42.5 per cent share—of that \$200 million, plus the capital requirements that we have for the ongoing construction program of assisted family and senior citizen housing. So it is a total of both.

**Mr. Hall:** I would think that it might turn out that your subsidy level in certain communities is in excess of your total rental costs in other communities.

**Hon. Mr. Rhodes:** I think you have to remember, too, that if you are looking for an average, say, in any given community, as to what your average subsidy is per month, you run into the difficulty of trying to get a reasonable handle on what your costs are over the last few years because you are going back to the older projects and lumping them all in for an average; it brings the average down. This is fine; but there are some units for which we will be paying well over \$200 a month in subsidy—closer to \$300 a month per unit in subsidy—which would

break down the average to around \$220 because of the much lower subsidy being paid on the older complexes.

**Mr. Hall:** This is why I think that the new full-year units, as they come on stream, are a guide to where you are headed in the future more than where you were in the past.

**Hon. Mr. Rhodes:** As you well know, that subsidy is going to continue to go only one way. That is, the total number of dollars is going to go up; even if the rate of inflation was to be zero, you are still going to get an increase in that total cost because of bringing more units into the program. So your total is going to continue to increase.

**Mr. Hall:** The average is going to continue to increase. And the burden on the federal government and provincial government and the municipalities is going to increase.

**Hon. Mr. Rhodes:** That is correct.

**Mr. Hall:** Until when?

**Hon. Mr. Rhodes:** I don't know.

**Mr. Hall:** That, of course, is something we are all concerned about, I imagine.

**Hon. Mr. Rhodes:** I think it would be very difficult for someone to say when, because people are living to older ages, and are looking for this type of accommodation. Mind you, I also think we are running into a situation which is becoming more evident in many communities—this is the case of people who own their own home but who—even though they are of the senior citizen age we talk about and qualify, because of improved pensions and improved incomes—are not looking to move into senior citizen accommodation. They prefer to stay in their own accommodation, where they can afford to stay.

**Mr. Hall:** Down our way, we are just getting into the housing authority situation. I think Mr. Riggs said earlier today that in the Niagara area they had opted for municipalities; they had opted for three separate housing authorities?

**Hon. Mr. Rhodes:** That's right.

**Mr. Hall:** In what way was there municipal input in this? There is no municipal input as to who would go on the authorities, according to my information. This was some form of input as to who they wanted to be grouped with? Was that the extent of the municipal input?

**Hon. Mr. Rhodes:** No, it would be more than that. As I recall, we did discuss with them the possibility of one housing authority

for the whole region; this was not acceptable. We looked at the option of two authorities but the municipalities didn't feel this was a good idea. They felt there were certain logical relationships within the regional municipalities; they wanted it that way and that is the way we went.

**Mr. Hall:** Was this by consultation with each municipality?

**Hon. Mr. Rhodes:** I can't say with each municipality. But I think they all had a share in it. I know I heard from a great many of them. I think every municipality had a role in that. As far as membership in the authority is concerned, let's go back, again, to what I said earlier about the method of appointing members of the authority—federal, provincial and municipal.

[9:00]

In some municipalities the federal and provincial and municipal people will sit down, whoever is going to be involved in it, and they will determine who they think would be the best person to appoint; and they mutually agree to appoint X number of people. In others, that doesn't happen. The federal representative will have somebody he wants to appoint, the provincial has one, and the municipal has one. I can say that in some of the more enlightened communities they do sit down together and pick who they think would be most desirable.

**Mr. Hall:** Did you say earlier that they serve without remuneration?

**Hon. Mr. Rhodes:** Yes, they do. We have attempted to arrive at a way of providing an honorarium, but this didn't meet with a great deal of success when we approached our federal partners on it. Their reasoning—and I am not being critical—was that they didn't want to enter into an arrangement in the province of Ontario that was not wanted by the other provinces.

**Mr. Hall:** Will they have any paid administrative staff to assist them as a housing authority?

**Hon. Mr. Rhodes:** Each authority has a manager plus other staff.

**Mr. Hall:** Having been appointed, they are now, in effect, responsible for housing development in their respective areas?

**Hon. Mr. Rhodes:** Within the guidelines that are established by the corporation.

**Mr. Hall:** Some concern has been expressed about projects that are on the boards but have not yet started. Stop me if I am wrong; but the information that has been given to me is that applicants find out where

to apply and then apply—someone might have applied, say, last year—and then receive no word back. I realize they will have a personal interview, and a means evaluation would be required before these units are completed; but some people contact me not even knowing whether their application has been received. Is this an unusual situation? No note was sent back to them, explaining what the next ongoing steps would be.

**Hon. Mr. Rhodes:** I don't think that's unusual, that probably occurs. I think each authority handles it in its own way. I don't know whether they necessarily acknowledge each application. Many, perhaps, don't.

**Mr. Hall:** It seems to me, considering the case of senior citizens as this is, to be an inadequate way of handling it. They do have their anxieties—

**Hon. Mr. Rhodes:** The acknowledgement is really in the form of a personal visit to their accommodation, to have an in-house meeting with them.

**Mr. Hall:** Well, when as many as nine or 10 months go by without a word at all naturally they are a bit concerned. Their health and other concerns at that age make things, such as where they are going to live rather important to them. But I should take that up with the local authority, I gather.

**Mr. Beesley:** Mr. Chairman, if Mr. Hall has a specific that we could deal with, we could take it upon ourselves to follow it up.

**Mr. Hall:** Well, the specifics that have been brought to my attention concern some applicants in the Grimsby area.

**Mr. Beesley:** We have, for example, a recently as June 10, 1977, again sent a reminder to all housing authorities concerning the maintenance of the current waiting list including details of home visiting to determine which people have a high number of points, those who are really on a very active waiting list; and we have encouraged the housing authorities to send updated letters. Just an example, one that we have provided to the local housing authorities in this regard simply states: Dear Mr. or Mrs.: "Although we are not in a position to offer you accommodation at this time"—because you have to understand that some of the developer programs may be under way and are not going to be completed for a year or a year and a half, and the housing authorities don't want to raise expectations unnecessarily—"we are trying to review our waiting lists. Would you please contact me by telephone at the following number in order to confirm that you are still interested in seeking accommo-

dation and to inform us of any change in your circumstances. If we don't hear from you by a certain date, your application will be withdrawn from the active waiting list." In other words, we would remove them from the active to the inactive if they weren't interested at that time.

**Mr. Hall:** At least there's a contact, there's a guideline.

**Mr. Beesley:** Yes. That is why we are encouraging—

**Mr. Hall:** It seems to be missing in the situation I'm referring to.

**Hon. Mr. Rhodes:** I think each individual authority really handles that on its own. We send them the sample letter and suggest to them they make the contact.

**Mr. Hall:** We didn't have an authority until one was appointed this March or April, I believe.

**Hon. Mr. Rhodes:** The job of contact must have been vested with us, then.

**Mr. Hall:** From your St. Catharines office. Just dealing with a specific again, but to illustrate a general point, I believe that in Grimsby the study of need would have been done in 1972. The title to the land was taken in, I believe, around January 1975. They're not in the building yet; they hope to be in the building sometime this fall. You've had two and a half years since you acquired the site. Is this par for the course on a 55-unit operation?

**Hon. Mr. Rhodes:** I wouldn't think that's par.

**Mr. Hall:** I don't think it's very satisfactory, myself—

**Hon. Mr. Rhodes:** We'll be honest about it.

**Mr. Hall:**—and you're working on something where there's a need measurement done, in effect, five and a half approaching six years before occupancy. I don't see how the needs relationship would measure up to what you're going to provide and the thought of starting from point A all over again for second units doesn't seem to be meeting what I suspect would be the demand in the area.

**Hon. Mr. Rhodes:** I can't comment on that particular project. I don't know what may have caused some of the delays but I would think I'm on rather safe ground in saying that six years or five and a half years from the time of the survey until the people move in is not average. I think that seems to be a lengthy time and I just can't tell you what may have caused the delay on that

specific project. But I know that in your own experience you recognize that OHC acting as a builder-developer is subject to some of the same delays that other builders and developers face in dealing with municipal governments, and the provincial government and agencies thereof.

**Mr. Hall:** Most of the delays on this particular instance seem to be right on the site itself. I think the first thing they did when the design was finally ordered and the contract was let, was to put up a substantial chain-link fence around the site. By the way, is that standard construction procedure on these jobs?

**Hon. Mr. Rhodes:** No, sir.

**Mr. Hall:** Because it's something that private enterprise couldn't normally afford to do.

**Hon. Mr. Rhodes:** No, sir, that is not standard. I have no time for chain-link fences. If we're going to put those up we're going to supply dobermans, too.

**Mr. Wildman:** You probably should, in some cases.

**Hon. Mr. Rhodes:** In some areas we probably should, but I don't believe in it.

**Mr. Hall:** At any rate this is not a very good example of the speed. It's well gravelled from start to finish.

**Hon. Mr. Rhodes:** That's right.

**Mr. Wildman:** What would be the average time?

**Mr. Riggs:** Two and a half to three years from the time of survey to the time of completion.

**Mr. Wildman:** Do you know of one where they actually did it?

**Hon. Mr. Rhodes:** Absolutely.

**Mr. Riggs:** We could talk about Cobalt. We have purchased and we will start the project between the time of the fire and this fall. We'll be finished with it next May, probably outside. But I won't contribute. I won't be here next May.

**Mr. Hall:** But they don't have to burn the town down before this would happen—

**Mr. Riggs:** There we're getting full co-operation with the municipality, Mr. Minister.

**Hon. Mr. Rhodes:** It's surprising how fast things can move at all levels when there is an emergency and many of the roadblocks are removed. And I can tell you from going into Cobalt that the municipality became suddenly very co-operative and an awful lot of the discussion that usually goes on at the



various committee levels of council, as well as council was suddenly waived, and we had approvals coming out of our ears.

**Mr. Hall:** Well, I think that that's true. I think that where it's an obvious emergency, everybody is motivated to act faster. I suggest that the emergency may exist but may not be as obvious and, therefore, time does not seem to be of the essence all the time. But this does concern me quite seriously.

**Hon. Mr. Rhodes:** Right, but the difference, my friend, as you well know, is that if you are involved in a rezoning of land for these purposes, where you have an emergency like the Cobalt situation then nobody has the nerve to object because they know it's an emergency and it's a rather embarrassing thing. But in other circumstances where the emergency is related to the need, that doesn't prevent people from objecting and taking it through the total process.

**Mr. Hall:** Which may or may not be a valid reason. It may happen in certain areas but it doesn't happen in every area, I'm sure.

**Hon. Mr. Rhodes:** I might say that in the greatest percentage of the areas where you have a rezoning it's a problem. In some cases, even when the land is zoned properly you've got problems.

**Mr. Hall:** That being the case, as you have perceived it, I believe earlier this year you, nevertheless, announced a change in direction, in effect, putting more on the municipalities' shoulders to initiate.

**Hon. Mr. Rhodes:** Yes, on the grounds that as long as they didn't have some share of the responsibility they were not really going to move. I found, even in the short while that's been in, that things have changed. Most municipalities are quite happy.

**Mr. Hall:** Do you mind just running over that again as to how you put that to them back earlier this year and what the ground rules are now?

**Hon. Mr. Rhodes:** The ground rules are that they can carry out the surveys as to their needs.

**Mr. Hall:** They can or there is an option?

**Hon. Mr. Rhodes:** Either way. They can ask us to do it and we will go in and do it. If they prefer they may carry out their own surveys, because they've usually been very critical of the fact that we've gone and done them and they don't think we do a good enough job. So we're prepared to let them do a better job. What they do there becomes

a part of the total cost. It's not as if we're laying some extra cost on them.

We require them to identify the site and to acquire it and when I say acquire it, I don't mean that they necessarily have to pay the money out of their budget to acquire it, we would supply funding for the acquisition of that site. It also means, too, they must have it zoned properly. So I asked the municipalities to take the land they have identified as a site and have it zoned so that it's ready to be built on. Then, after they have done that, they may choose which direction they wish to go, whether it's under a private assisted-rental call, whether they themselves, as a municipality—depending on what they think they want to do—want to build it themselves, again, with our financial assistance and involvement, or to follow the usual route of Ontario Housing Corporation building the unit.

**Mr. Hall:** And you say you have had good response to this situation?

**Hon. Mr. Rhodes:** I have received no objections or criticisms from municipalities on this new approach. They seem to be quite satisfied.

**Mr. Hall:** How many are there? Are a lot of surveys being initiated by them now?

**Hon. Mr. Rhodes:** I don't know whether we have these going on at all.

**Mr. Hall:** How do you know, then, that you've got a good response?

Interjection.

**Hon. Mr. Rhodes:** I can't force them to take a survey and we wouldn't take one for them unless they request it. There's no difference at all, Mrs. Campbell. Your knowledge of the rest of the province is minimal, I'm afraid, in this area. I say that with respect, but in many of these communities we do our surveys when they request us. If they want to go ahead and do them they wouldn't necessarily tell us they were doing them. They may be going on now. I don't know how many requests we've had to do ourselves.

**Mr. Riggs:** I can clarify that. Once again, this is a transition kind of situation. I've said that once before, but we have more than 100 surveys requested and we've reorganized to expedite these surveys for the municipalities. About a couple of weeks ago we received from the minister a complete package, a kit, which you received previously, in terms of the various programs, on how they could either ask us for a survey or they could secure funding for their own survey. The

minister said there has not been any objection to the approach.

We have found that when OHC went in and purchased the site, that was the first difficult point we reached. The municipalities have said to us on more than one occasion that they are much better suited to buy a site because we know the municipality, we know who has land, we know where it should be, so long as we're reimbursed. We have found they have always been pushing or pressing us to allow them to do that particular aspect of the site identification and purchase.

[9:15]

**Mr. Hall:** When all the surveys of need were being done by you people, at least you know then how many were being done. You say you really don't know how many are being done now. Aren't you losing some element of control over this?

**Mr. Riggs:** In order for them to do a survey—and they are not going to spend municipal funds without some authorization, particularly when we have a process—if they wish to do their own survey, or as we call it, municipal housing statement, they must submit an application for funding to the province. If they are going to do it on their own and we are going to fund it we at least have to approve the application so we can send funds out.

This occurs mainly in municipalities under 10,000, because we are funding municipalities over 10,000 that are going the municipal housing statement route. They have a planning staff; they have, in some cases, a development staff, and they are probably better geared to immediately take on this task with provincial funding. So that's a control factor. It is being controlled. We can give you quite easily a list of surveys that we are undertaking and a list of municipal housing statements being undertaken by municipalities. They are in excess of 200.

**Mr. Hall:** Do you see any trend of anything different as a result of having this initiative by them? Or is it too early to say? You are saying that if they are going to initiate you are going to know about it because they are going to have to ask for funds.

**Mr. Mr. Rhodes:** Yes, if they are asking for funds, they'll come to us, right.

**Mr. Hall:** But you don't know, unless you are doing it, whether in fact they are contemplating it. So it would seem to me you don't really know whether they are going to

continue to process on the new setup as well as on the old setup.

**Hon. Mr. Rhodes:** Well, the new setup really isn't any different. Under the old setup we did all the surveys but only at their request.

**Mr. Hall:** I realize that.

**Hon. Mr. Rhodes:** There is nothing different now. The only difference is that they have a choice now of either having us do it or they do it with our funding.

**Mr. Hall:** So you don't think it will make any difference in terms of their perception in each community of their need and acting on it?

**Hon. Mr. Rhodes:** It may speed up things.

**Mr. Hall:** I'm not necessarily being critical, I'm just trying to understand whether it's working or not. You can appreciate my point. I'm not necessarily criticizing it.

**Hon. Mr. Rhodes:** I think it is working. We've got a couple of hundred surveys going on right now. I think that's probably as good as you can expect to have going at any one time.

**Mr. Riggs:** I would refer you to the city of Toronto which was one of the first municipalities to do a municipal housing statement. They set targets; they set goals in terms of housing. They've used our funding. I think that's an excellent example of how a municipality using their own staff have turned out two excellent municipal housing statements and have attempted to meet those goals and have done a pretty good job at it. That's only one of a number of municipalities that we see coming through this way.

**Hon. Mr. Rhodes:** The thing about the municipal housing statements, as Mr. Riggs mentioned about the municipalities over 10,000, is that they just aren't being confined to senior citizen requirements such as a senior citizen complex or family housing. They also take in all other aspects of housing including non-profits, co-ops, community sponsored and there is a demand that they will be met by the private builders as well.

**Mr. Hall:** And rent supplement would be the same kind of thing—

**Hon. Mr. Rhodes:** Well, we consider rent supplement within our family and seniors area.

**Mr. Hall:** It would be the municipality not the housing authority that would be the initiator.

**Hon. Mr. Rhodes:** That's right.

**Mr. Hall:** The housing authority would only administer that which is on the boards? Or would it be an initiator?



**Hon. Mr. Rhodes:** I would think in a community that the housing authority itself, I would hope, would have a sufficient rapport with its municipal council that it would go to the council and say, "Look, we've got a waiting list of X number of people. We think you should be doing an updated survey so we can confirm our figures or see whether they are out of date or whether they are high or low," and that it would be going in and initiating some work with the municipality.

I would hope they've got that sort of rapport that they wouldn't both be working in isolation. Again, that may be one of the real benefits of having a little more of the responsibility on the municipality—that they will, in fact, now get together with the housing authority to determine what the needs are in this specific community.

**Mr. Hall:** There seems to be a fair measure of agreement that rent supplement offers many benefits in terms of absorption into a broad community and at certainly no higher cost. Are you continuing to work with Mr. Ouellet, is it, to go further in this field? If it is the lowest cost, why would there be any balking at the federal level on it?

**Hon. Mr. Rhodes:** I don't know. As I say, they took quite a step before this when they better than tripled the available number of units for us in this area. Whether Mr. Ouellet is prepared to go even further than that—I would like to be able to show him some numbers that would justify increasing that.

The supplement program has a lot going for it in that number one, it seems to be more acceptable in the communities. I am sure you know that if you walk into a community and say that on a particular block of land you are going to build some family units for Ontario Housing Corporation, immediately you wave the red flag in front of people and they start to look for reasons to object to it. You hear all of the stories about the heavy traffic on the street, the schools aren't big enough, the parks aren't big enough—all of these arguments. You could put as many people in there in a conventional apartment building and there wouldn't be near the uproar.

With the rent supplement, however, there is less opposition to it, it becomes more integrated into the community, and it's better all the way around, I think, for the people who are going to end up living in that building, and for the community as a whole.

**Mr. Hall:** There's no restriction to having a rent supplement in limited-dividend buildings either, I don't suppose.

**Hon. Mr. Rhodes:** No.

**Mr. Hall:** I gather you said earlier that with OHC projects you always have to pay the particular impost fee that is tied to the municipality's structure?

**Hon. Mr. Rhodes:** I would like to think that's negotiable.

**Mr. Hall:** You mean more, or less?

**Hon. Mr. Rhodes:** I would like to have it negotiated considerably less. I have feeling that when we are talking about public housing, in which all of the tax payers are participating as a result of the subsidy, that any impost we pay should be minimal.

**Mr. Hall:** What about off-site improvements—are you subject to the same problem as private enterprise in any community?

**Hon. Mr. Rhodes:** Yes, we are just another developer. I wish we were classed as just another developer. Actually, I sometimes think they hang more on us than they do on the regular developer, or at least ask for it.

**Mr. Hall:** That completes the questions have right now.

**Mrs. Campbell:** Mr. Chairman, between the Tories referring to Campbell as unorganized and the NDP worrying desperately about St. James Town, I feel it is incumbent upon me to come back with some comment on the comments of the member for Beaches-Woodbine (Ms. Bryden).

The Y involvement in St. James Town, as you very well know because you have had correspondence with me or from me—I don't know that I have had any replies but we'll—

**Hon. Mr. Rhodes:** Oh, you must have a reply.

**Mrs. Campbell:** In the initial stages, when you had the agreements between the developer and the Y, it was assumed that the Y would have the same programs right through the project. This materialized for a period of time and then there became cleavage as the programs in the conventional area were rather too expensive for the people living in Ontario Housing. I would think that if the member for Beaches-Woodbine really lived with St. James Town, as I do, she would know that I suspect there is as much criticism of the operation of the Y in the public housing areas as there is approbation.

Certainly when you have a tenant organization which has to get the permission of the Y for the use of its own public areas, it becomes a matter of great contention. There



are several of the groups in St. James Town who resent the fact that their public areas are still something that they have to approach through permission from the Y. This is the most unfortunate situation because it creates the very atmosphere that the minister himself dislikes about not permitting the people in Ontario Housing to do their own thing.

The Songsters, for example, are a beautiful group of senior citizens—I think their leader is 85, or perhaps 86, with a gloriously trained voice. They are a very active concern. I would like to see something, if it were possible, and certainly applying to Metro, to again bury this miserable contract so that the people who live in these areas have more control over the use of their building rather than less.

The HELP program, to which reference was made, was the subsidized program by the Y, subsidized by St. Luke's Church. The cost to the person in the community, however, was in the opinion of most of them to whom I have spoken, prohibitive. They could go out and hire somebody by the day to do their work with just about the same outlay of money as to this HELP service. I would not like to see Ontario Housing involved in that kind of subsidized operation.

There is, however, something very much to be said for some kind of co-operation between Ontario Housing and Comsoc to produce some of the assistance that is very desperately needed in a project with the size and scope of St. James Town; it's also true of the complex of Moss Park and Sherbourne Street which form more or less one complex.

The people in this riding are essentially very lonely. A lot of them are unable by reason of disability or infirmity to get out and about and enjoy the excursions and other things available in the community. I would like to see a greater co-operation between Housing and Comsoc, and hope that this new burst of extravagance in creating 700 jobs across the province—we could use 700 jobs in Metropolitan Toronto to bring service to people in their own homes—will be a shot in the arm.

On the question of the library, the library is in several of the buildings—and the travelling library is available. I think one of the very serious problems is the size, the dimension, of not only the Ontario Housing portion of the St. James Town area but the overall dimension of population. I think it is now more heavily populated an area than Hong Kong. I think that's a statement I recently read. With the addition of the three new towers, courtesy of the cabinet, I think we are all concerned about the responsi-

bility of government when it permits the kinds of density of population that it permitted in St. James Town.

[9:30]

I think there is some responsibility whether it's from Ontario Housing—I'm not quite sure—but certainly there should be co-operation if, in fact, we don't want more damage done to property than you already have. It might be a saving to you to look at it from the point of view of just saving money.

The minister will recall that I did show him a notice with reference to lockers. I had spoken to a member of the staff here, who was unaware of that notice, and I thought it was going to be followed up because I felt the minister was as appalled as I was that such a notice could be—

**Hon. Mr. Rhodes:** Well, that was followed up. Would Mr. Beesley like to comment?

**Mr. Beesley:** I believe, Mr. Chairman, that the situation the member brought to our attention was investigated and a reply went back to her on that.

**Mrs. Campbell:** Perhaps it just went locally, did it?

**Hon. Mr. Rhodes:** The reply went to you.

**Mrs. Campbell:** I didn't see the reply so maybe it got lost.

**Hon. Mr. Rhodes:** You must stop accusing me of not replying.

**Mrs. Campbell:** I queried it. What was done, where did the matter go, because I haven't seen a reply?

**Mr. Beesley:** As I recall the response, Mr. Chairman, it was a situation where we would assist a tenant in removing from the locker area those items that might be considered flammable, tending to cause fires and thereby endangering the lives of all the residents in the building. As I recall, the particular resident was either unable or unwilling—I think it was the former—to get to the locker in the period of time available.

**Mrs. Campbell:** But it wasn't just one, it was the whole situation where you post a notice in the lobby, where you have a building with blind people, where you have a building that has many people in and out of hospitals and you give them a matter of just a few days to remove from their locker anything they feel to be of value under the threat that it will be removed and disposed of.

It wasn't just one case, it was the form of the notice itself, and the fact that you didn't see that it went to the individuals in, again,

200 Wellesley. It seems to be coming up quite prominently in our discussions. You didn't see that that notice got to everybody, you didn't ensure that everybody could understand it, and it was a bad notice to start with. You had no right to enter there and dispose of their valuables on such a notice.

Hon. Mr. Rhodes: I wish you would change "you" to "they" because it was not OHC that was doing it.

Mrs. Campbell: Well, it was your agent.

Hon. Mr. Rhodes: No, an employee. He wasn't even an employee, he was a contract.

Mrs. Campbell: I don't think he was an employee, with respect, legally. I think it was an agent, since it's by contract that you contract with Meridian, as a manager of those buildings. It's an agency relationship.

Hon. Mr. Rhodes: You are right.

Mrs. Campbell: Not employee-employer.

Hon. Mr. Rhodes: No, I qualified the employer but you are right, it is an agent.

Mrs. Campbell: Did you advise anybody, and whom, that this type of notice would not in future be tolerated?

Mr. Beesley: I believe, Mr. Chairman, that the private management firm has been informed that the wording of the notice was a little strong and that personal contact should be made in so far as is related to tenants who are blind, as you mentioned, and thus couldn't read it, or might be absent in hospital, or away for other reasons and did not receive notice. We are assured that nothing was removed without contact with each individual tenant. They didn't just move into the locker rooms and move the articles without the tenants being aware, and agreeing. I can't assure you that each and every resident was contacted, but they assured us they made every effort to do so and we've accepted that.

Mrs. Campbell: And they at no time removed any valuables at all, where the people stated they were valuables they wanted to keep.

Mr. Beesley: I can't unequivocally state that there might not have been one resident who didn't have an opportunity to comment. There may have been. But to the furthest extent possible, they made the contact with each and every resident before they removed any items that might be considered of value.

Mrs. Campbell: Did anyone suggest that in the future or perhaps at this point you will stop having lockers that are composed of chicken wiring and will have them enclosed, so they don't invite theft?

Mr. Beesley: Mr. Chairman, the fire regulations require some measure of openness and the buildings were built in accordance with the city of Toronto regulations.

Mrs. Campbell: But they don't require them to be entirely enclosed by chicken wire, I don't think. If you look on any conventional building you don't find them completely enclosed with chicken wire.

Mr. Riggs: Cadillac had been using solid plywood in their buildings. In the last building in Park Place, Mrs. Campbell, they were required—at least this is what I was told by the Park manager; we keep looking at our buildings and making sure that our standards are equal to a good many of the practices—they were required to use chicken wire on the entire door for the first time. Certainly it leaves a lot to be desired from a viewpoint of—

Mrs. Campbell: It's attracting thieves.

Mr. Riggs: Right, but—

Hon. Mr. Rhodes: It invites theft.

Mr. Riggs: And unfortunately this is what everyone has interpreted as being necessary to meet the fire regulations.

Mrs. Campbell: Yours are completely enclosed with chicken wire?

Mr. Riggs: Yes, and I'm sorry to say that the last building at Park Place is the same way. It was built two years ago.

Mrs. Campbell: Would you think that in such circumstances they would be advised to remove all their valuables from their locker and take them up to their apartment under pain of having them thrown out?

Mr. Beesley: I think the suggestion that valuables were going to be taken and thrown out is really not the intent of this bigger operation. It was really to remove a lot of—

Mrs. Campbell: It said so in the notice.

Mr. Beesley: Well, we have already acknowledged and conceded the notice was overstated. It was certainly to remove garbage. If somebody were interpreting this to relate to some of his valuables, believe me, we were talking about getting rid of a lot of scrap paper and garbage—a potential fire hazard, not throwing out people's valuables.

Mrs. Campbell: Well, I may say that even in the so-called negotiations they were advised to remove them to their own apartment. It seemed to me to be destroying any value to people of their lockers, in any way. They didn't want them in their apartment, because they didn't have any room for them.

Hon. Mr. Rhodes: We're caught in a rather difficult situation where the fire regu-



lations state there must be an openness so that what is in there can be seen. This in itself is bound to lend itself to the possibility of somebody seeing something he wants, and the cutting of the chicken wire is not a great chore. On the other hand there are those persons who knowingly, or unknowingly, start to store material in those lockers which could be a hazard.

Again to go back to the size of that particular facility and the number of people involved, I wouldn't be at all surprised—and I don't know this for a fact—if somebody was probably leaning on management, probably a fire inspector saying: "You get that mess cleaned up and get it cleaned up quickly." So here you have a situation where a guy is saying: "Look, you'd better get your valuables out of there because we have to go in and clean up."

I know myself, I certainly wouldn't want to enter someone's locker unless they were there with me, if they had something in there of some value. I would suggest to them, "If you have got something of value in there, get it out of there, because we are going to clean out the rest of it." So it's a difficult situation they are in.

I concede to you without any question that the wording of that notice was, I thought, a bit heavy and the message could have been conveyed in a much more compatible and more pleasant manner. In some cases the personal contact was essential. Hopefully, that situation will not occur again under those circumstances. The question of those blasted doors being open, the lockers being open to public view or the view of those who go down there, is something we are going to have to live with as long as it's a regulation.

**Mrs. Campbell:** Do you think it might be useful to have at least only one set of keys per room instead of having every key in the building fit every locker room?

**Hon. Mr. Rhodes:** I don't know, I would have to—

**Mrs. Campbell:** That just might protect somewhat—

**Hon. Mr. Rhodes:** Or cut down the numbers anyway.

**Mrs. Campbell:** It seems to me that again there hasn't been that degree of consideration for people who live there. If you have a key to a locker room at 200 Wellesley Street, it can be used to get into every locker room in the building. It might be useful to have at least some control over those areas.

**Mr. Riggs:** If we change the locks on each locker room door, it would mean that you, plus whatever number of persons are in there, would be the only persons who would have the key to get in there.

**Hon. Mr. Rhodes:** Cut down the odds.

**Mr. Riggs:** That would limit the odds quite a bit.

**Mrs. Campbell:** Well, it's a suggestion that in any building of that size you might give consideration to it as a management thing. Perhaps, you know, if you were doing it yourself, you might have thought of it.

**Hon. Mr. Rhodes:** If I were doing it myself, I would probably have kept the master key. It would be easier. Seeing that somebody else is doing it, we will get the extra key; It might be a good idea.

**Mrs. Campbell:** I was interested in the statement earlier today that the cable cost is the same. It isn't the same in my riding. I don't know how it could be the same across Toronto or Metro. Is there a difference in the cable rate charged in Moss Park to that charged in St. James Town?

**Hon. Mr. Rhodes:** Well, that may be so and I think Mr. Beesley was saying that you might even find within the complex itself you could find a difference. We negotiate each one with the cable companies, and there are a number of cable companies serving the areas. The contracts are up for renegotiation and as their costs go up, their rates will go up, and I guess their package rate will go up. That can only be passed along to the tenants under our Landlord and Tenant Act, at the time of the renewal of the lease. So if a lease is renewed here it would change this person's rate until the neighbor's lease comes up for renewal, so you could have a difference.

**Mrs. Campbell:** I am sorry. I misunderstood because I thought there was something about a rate of \$2. How did that come into our conversation?

**Mr. Beesley:** Throughout the Metropolitan area with the franchise operators that we negotiated with, Mr. Chairman, the rate of \$2 for a high-rise was established as the figure and \$3.35 a month for the lower-rise or townhouse unit. We have another 12 to 14 months left on the contract but those are the bulk rates. As you know, the standard rate offered by the same companies on an individual basis on which you pay a hookup charge as well is \$6 a month.

[9:45]

**Mrs. Campbell:** Lastly, there was some discussion about projects with two or three



storeys. I believe you have at least one project in Toronto or in Metropolitan Toronto which is a three-storey walk-up—

**Hon. Mr. Rhodes:** Is this for seniors?

**Mrs. Campbell:** Yes. And it has no buzzer system, is that not true? I just had the complaint and I have not had a chance to investigate it—that there is no buzzer system and this creates the problem because they have to go all the way down or else toss their key out the window to somebody who is outside.

**Hon. Mr. Rhodes:** I have a feeling that that may not be an OHC unit. It could be an LD project or it could be one of the old ones.

**Mrs. Campbell:** You don't have any that wouldn't have a buzzer system?

**Mr. Beesley:** Mr. Chairman, we have been upgrading the intercom arrangements in some of the older federal/provincial projects and some of the early OHC projects. I would have to know the specific one to investigate it. But it would be unusual if we didn't have an intercom system.

**Mrs. Campbell:** Of course, you haven't had an effective intercom system in 285 Moss Park for quite some time. Therefore the doors are nearly always open. What can be done with that kind of situation? I understand there is vandalism, but I also am concerned that in these very large buildings there is not much protection for people living there if the buzzer system or the intercom system is not working. Have you had any reports on it at all?

**Hon. Mr. Rhodes:** It sure cuts down on visitors.

**Mrs. Campbell:** No, it doesn't because the doors are left open so anybody comes up. It doesn't help. Of course, security there again doesn't do an awful lot with that situation. Would you investigate it to see just exactly what has to be done to try to ensure that we maintain an intercom system that works?

**Hon. Mr. Rhodes:** Yes, we will certainly look at it.

**Mr. Reed:** I just have two subject areas, Mr. Minister. One has been discussed by one of your colleagues, Mr. Lane (Algoma-Manitoulin), earlier. It concerns the allocation of senior citizen housing needs in various community areas. He described very well the trauma of being uprooted from one's community when that is necessary and having to travel to a strange environment to live if one has to take advantage of the senior citizen accommodation that is available.

We have an added little quirk of events out in our riding that I discussed with you

by letter just recently. We hold one of the distinctions in Ontario of having regional government. Within the regional—I am not going to comment any further on—

**Hon. Mr. Rhodes:** This is the regional government region of Halton?

**Mr. Reed:** That is right.

**Hon. Mr. Rhodes:** The one Bob Nixon abdicated in 1967.

**Mr. Reed:** Well, now that—

**Hon. Mr. Rhodes:** Now that we followed his lead, what is your problem?

**Mr. Reed:** Now that we have a Liberal incumbent, I will go on. There are a number of regional municipalities, that is, expanded municipalities within that regional area. In one in particular, Halton Hills, there are actually two former municipalities that comprise the town of Halton Hills—the town of Acton and the town of Georgetown.

What happens when you make the calculation of the need for senior citizen housing is, it is based on the need of that expanding municipality. In this particular instance it has posed something of a problem that we have had to surmount at the local level through other means, simply because when the original need was calculated the expansion was awarded to one community within the municipality and not to the other. Then, when there was a need discovered in the other municipality as well, a priority was established so that the larger municipality got the cake first and the other municipality had to wait until the senior citizen housing was completely full in the other community.

I would just like to ask, for the record, that when you make your calculations regarding the needs for senior citizen housing, you try not to weigh one community against another in terms of priorities, but try to deal with each community on an individual basis. We have gone ahead in those community areas and we have dealt with the problem and I think it is going to turn out in this case to be satisfactory; but we have had to do it in spite of the ministry's own policy of calculating the need.

I just want to point that out and make this plea to the ministry that when it is making these calculations—and I understand you are dealing on a municipal basis—please understand that there is sometimes more than one community area within a municipal area; when people live all their lives in a community area, they don't necessarily relate to the new regional system, they relate to their own community.

**Hon. Mr. Rhodes:** Yes, I think that has to be appreciated, and I believe it is appreci-

ated. But the other side of the coin is that it will depend from my point of view on what the need may be. Let's use the communities of Georgetown and Acton, for the purposes of this conversation. If, for example, we'll say there is a need for 30 units in Georgetown and we have a need for 10 units—and I am just using numbers—in Acton; from pure economics—and I am now talking pure economics—it would be better for us to build 40 units in one of those two communities, and house all 40 people from the operation of the facility to try to keep the subsidies per unit at a minimum and yet provide good adequate housing for all. It doesn't mean it has to be in Georgetown, it may well have been in Acton. But it really wouldn't be economically wise to build 30 units in Georgetown and 10 in Acton or vice-versa, depending where the need would be, because that 10-unit facility is going to be very costly.

**Mr. Reed:** You would have some sort of idea of what constituted an economic minimum.

**Hon. Mr. Rhodes:** We have established it at 25.

**Mr. Reed:** Twenty-five. Let's get down to the real figures then as they exist there. The town of Georgetown requirement was 89 units, and the town of Acton requirement was 38.

**Hon. Mr. Rhodes:** As far as I am concerned, you could build 89 units or 90 units in Georgetown and 40 units in Acton.

**Mr. Reed:** All right, and this has taken place. However, the restriction was made that the complement had to be met in Georgetown before proceeding with any senior citizens' housing expansion in Acton. That was originally the core of the problem. In other words, the municipality of Halton Hills was told—the housing authority was told by the ministry—that as soon as the 89 units were filled in the town of Georgetown, it could proceed to consider the town of Acton; but not before.

**Hon. Mr. Rhodes:** That is very unusual. I am at a loss to explain that.

**Mr. Reed:** Is it?

**Hon. Mr. Rhodes:** There has been a need established in those two communities, which from what you have told me totals up to over 127 units. Obviously, the need is there. I think there would certainly be some justification for that sort of approach if we had a total of, say, 120 or so units and there was a demand for 120 of them in Georgetown; if that were so, if there was a demand

for 75 in Georgetown, I wouldn't want to build 120 units and have them go empty.

**Mr. Reed:** Oh, that's very understandable—

**Hon. Mr. Rhodes:** What you are telling me, you know, doesn't ring true.

**Mr. Reed:** Oh, yes. What I'm saying is that the construction in the one community was contingent upon the other, upon meeting the complement in the other.

**Hon. Mr. Rhodes:** I am not denying what you say; it may be correct. I am saying that it seems strange, because you have identified a need in both those communities for X number of units and both were viable to build.

**Mr. Reed:** Well, here's what was happening. During the time the complement was filling in Georgetown, there was a need in Acton. The people in Acton were told that they must fill up the complement in Georgetown by moving to Georgetown and filling those units before any consideration would be given to any construction act.

**Mr. Beesley:** There is no building in Georgetown. When you say, "fill the complement up"—

**Mr. Reed:** Well, no, there is no building. This is the business of application and the waiting list. So, that makes it even more questionable.

**Hon. Mr. Rhodes:** The point is well made.

**Mr. Reed:** I thought I should bring that out. The other question that I wanted to ask you is, what is the ministry doing now, in light of our new energy picture in Ontario, about the standards of design and insulation in OHC-built homes? What is it undertaking at the present time in terms of the application of solar-assisted housing, in terms of heat and the application of new techniques like the heat pump and so on? Is it orienting itself towards certain designs of housing that become passive solar collectors? I am not advocating that we add to the cost of these buildings, I am really advocating that we add to the energy efficiency of the buildings. I wonder what the ministry is doing now along those lines.

**Hon. Mr. Rhodes:** The one thing that I think you are aware of is the building that is being constructed in St. Thomas.

**Mr. Reed:** Right.

**Hon. Mr. Rhodes:** This is to be solar heated.

**Mr. Beesley:** It is in Aylmer.

**Hon. Mr. Rhodes:** I am sorry, it is Aylmer. It is the first such multiple unit building in

Canada, I believe, to be solar-heated. That is being done in conjunction with the Ministry of Energy, with the hopes of seeing just how practical it is, how it works out and how you apply it. Now, in other areas—and we discussed this earlier in the estimates with Mr. Riggs—he made some comment at that time, about what we are doing as far as insulation is concerned.

Mr. Riggs: There is a series of experiments that we are working on with the Ministry of Energy. Many of them are quite simple, makeup air and things like bricks in the toilet which is a great saver of water. We have even looked at our hot water tanks throughout Ontario because we have got into the habit of keeping our hot water tank at a certain temperature. We found that we could reduce that temperature and that there was no real reduction in the amount of hot water—but a saving of \$5 or \$6 per unit across our portfolio. The whole matter of new materials for insulation is being considered because when you start building with six-inch batts in a wall you go to six-inch lumber and that is a pretty expensive way of getting your heating costs down.

[10:00]

Mr. Reed: May I submit to you that in some designs—and I am no builder—but I have been told that designing homes with six-inch studding can be actually at least as cheap as, if not cheaper than using two-by-fours.

Mr. Riggs: I would suggest that whoever said that to you should talk to the forest industry. Most of our trees are cut into two-by-fours, and that's what most of our lumber is cut into. Maybe out in BC they have two-by-sixes, but the bulk of our lumber cuts naturally into two-by-fours.

Mr. Hall: It's a matter of the planing or the facing on the material we're talking about.

Mr. Riggs: That's right. I think OHC, in looking at its buildings, certainly is upgrading, because we have reglazed, double-glazed and increased our insulation on ongoing programs to cut down our heat requirements. Of course, with energy we are looking at the whole matter of bulk and single metering which may have the biggest payoff, with insulation, of anything.

Hon. Mr. Rhodes: One of the points I made earlier and I'll repeat again is that I think we may very well want to look very seriously into individual metering. Perhaps it would be better from an energy-conservation approach if we separated the cost of electricity from the rent, so each individual tenant

would have an incentive to save on his own energy costs.

I am sure you know that, not only in OHC facilities but in conventional buildings, where the energy costs are tied in with rents, people do some strange things with energy—like letting the hot water tap run. "Who cares, it's all part of the total package." I think if someone received an individual electric bill every two months for which he was responsible, you might see a considerable change in attitude about conserving of that energy.

Mr. Reed: That's very correct, Mr. Minister, and all the evidence given to the select committee studying 1976 Hydro rates indicated individual metering could effect savings of up to 35 per cent simply because of that increased consciousness and so on.

Hon. Mr. Rhodes: The bottom line of that bill has an impact.

Mr. Reed: Absolutely. So the question remains: Are you installing individual metering in your new units now, or are you just considering it?

Mr. Riggs: We have had an agreement from the Ministry of Energy for those buildings on our boards which have been designed that they will continue with the bulk metering as long as we have picked up certain makeup air and other things of that nature where we are well beyond the code. This is in senior citizen only—all our family units have gone over to single meters. We hope to be given that exemption at least for the buildings on the boards so we can start converting with the Ministry of Energy to single metering, rather than the bulk.

Mr. Reed: Obviously you have studied this. Have you found it practical to convert to single metering in those buildings that are now bulk metered or is it individual-building based? I realize some of the technical problems involved and I just wonder if you have studied them and have come to any conclusions about whether it's possible to retrofit?

Mr. Riggs: In some buildings, yes. In some of our smaller senior citizen, where we have a minimum of storage space, to put in, say, 35 individual meters may prove to be a little more difficult. But with the installation of smoke-detectors over the past three years, we found a way of doing it. I think once again we are going to have to go building-by-building with the housing authorities and their maintenance people to ascertain what is the best way of coping with the energy conservation of that particular building.



**Mr. Reed:** How long would it be before we could expect a large number of retrofitted buildings with individual meters?

**Mr. Riggs:** It took us three years to retrofit for smoke-detectors. That's all our buildings in our portfolio, which now number about 90,000.

**Mr. Reed:** Are you going about individual metering with the same sort of determination?

**Mr. Riggs:** We in energy are doing some studies at the moment on the whole matter of single metering versus bulk, versus insulation, particularly on seniors where we're looking at the amount of electricity used in terms of the lighting system, which is one system, versus the heating system, which is another system. Before we actually undertake a major program we would like to see the results of those investigations.

**Mr. Reed:** Am I right in assuming that all of the new family units you have now are individually metered? How many of the family units would be still on the bulk system?

**Mr. Riggs:** The majority of them.

**Mr. Reed:** The largest majority still. So would you consider that they would really be a priority in terms of moving to individual metering?

**Mr. Riggs:** I think, Mr. Chairman, it does raise another point concerning the service charge in terms of moving to an approach of individual metering. You then have to develop means of softening the blow of a prior arrangement on energy being incorporated into the rent. Maybe that's why it's easy for administration to go into a single meter one you have to develop some other method of balancing the cost.

For example, if you were, say, in an end unit—I'll just use a case—in a townhouse unit where three walls, basically, of your unit are exposed to the outside. It would cost you a lot more even with all the means of conserving energy and turning the thermostat down. Even if we provided double glazing, that same unit would still consume more energy than would, say, an inside unit that is a heated wall on either side.

So you have to have some kind of formula of means of charging the energy cost having a base. Everybody pays the base and if you go beyond that and if you are on an exterior unit there'd be some other adjustments. We have to develop that. We are studying this matter concurrent with this other study to develop a better means of charging the heat cost to the resident.

**Mr. Wildman:** Mr. Chairman, I have some questions regarding OHC and Algoma.

**Mr. Riggs:** at the end of last week I talked to you a little bit about rural need of housing and you said you were going to look into it. I realize you've only had a little time but have you been able to get in touch with CMHC regarding those particular questions?

**Mr. Riggs:** Yes.

**Mr. Wildman:** Without taking up the time, would it be possible for me to get that from you after?

**Mr. Riggs:** Yes.

**Mr. Wildman:** I understand there is being organized an Algoma District Housing Authority since the Sault Ste. Marie Housing Authority was the only one in existence before and really had responsibility outside of the Sault. Could you tell me where we are at in regard to the development of the new wider housing authority and what its relationship will be with the old Sault Ste. Marie Housing Authority?

**Hon. Mr. Rhodes:** The arrangements and negotiations have all been completed. All that's left to be done now is the appointment of the members to that authority. We have contacted the federal government to get their appointees, the various municipalities that will be appointing people to it, and it will all be in one, including the Sault and all of the area.

**Mr. Wildman:** All the way up to Hornepayne?

**Hon. Mr. Rhodes:** Yes, the whole district.

**Mr. Wildman:** Fine. I have one question in regard to that. What happens in northern areas where you have in a district, like Algoma, with large expanses of unorganized territory? If there is no municipality, what happens if there are senior citizens living in those unorganized areas who really, normally would be eligible for assistance either in a senior citizen project or a rent-geared-to-income or something else? What happens with them under this new authority that is going to look after the housing problems of the whole of the Algoma district? What happens to the large areas that are unorganized within that district?

**Hon. Mr. Rhodes:** We just have no way of dealing with the people in the unorganized areas under the present structure because of the sort of sharing of the costs, the seven and a half per cent municipal involvement. It is a problem that is going to have to be looked at in some way in an attempt to resolve it. I really can't give you an answer as to how to resolve it at this time.

**Mr. Wildman:** In some areas, like Wawa, for instance, when the senior citizen units were built there, they had done a needs and demand survey. Then they found not as many people as expected actually moved into the project when it was completed. Then they opened it up and allowed people from Hawk Junction and White River and so on to apply and come in. Hawk, of course, was an unorganized area. Who is paying the share for someone from Hawk Junction in that project?

**Hon. Mr. Rhodes:** Michipicoten.

**Mr. Wildman:** Michipicoten is? I see. That relates specifically to the Sault North area, where you have a situation that I found to be very unfair and I don't think anyone is at fault. But people who may have lived all their lives in Sault Ste. Marie, retire, may sell a home over the last few years, move out into Goulais River or Heyden, into what was a seasonal dwelling that they have converted to a permanent residence, or into a mobile home park. Then one of the two may pass on and that leaves a single person, who may no longer be able to look after his or her home or doesn't have the income to maintain it, so they want to get into a senior citizen development.

What happens? They apply to get into the Sault Ste. Marie citizen housing and they are immediately informed, of course, that there is a residence requirement. They have to have lived in the Sault for, I think it is, at least a year before they can apply. This person may have lived in Sault Ste. Marie for 30 years and moved out for five and lived in the vicinity of Sault Ste. Marie—perhaps in Heyden, which is only about 11 miles away. There are a large number of them; I've had a lot of these cases.

Because there is such a backlog of people on the waiting list in the Sault itself, you can understand the Sault Ste. Marie Housing Authority taking that position. They say, "Well, if you don't live here, we've got a need within the city." So they have to move into the city and set up a residence requirement.

What happens or what is going to happen overall? As you say, John, you don't have the answer for unorganized areas. If the Algoma District Housing Authority is going to deal with all of Algoma district, it is going to have applications from people who want to move into these kinds of housing from unorganized communities.

**Hon. Mr. Rhodes:** But they're going to be dealing with the organized municipalities within the district of Algoma—

**Mr. Wildman:** That's right.

**Hon. Mr. Rhodes:**—and in the unorganized areas. What we have done, using that same example, is we've requested the municipality, in the instance you refer to, perhaps to waive the residency requirement, and in some cases they have.

**Mr. Wildman:** In some cases of extreme need they have done that, yes.

**Hon. Mr. Rhodes:** But it is true that the municipality, if it wishes to retain that residency requirement, certainly can do so. The residency requirement is a municipal option. I understand the city of Toronto does not have a residency requirement? Does anybody know.

Interjection.

**Hon. Mr. Rhodes:** They do have? I thought somebody told me they didn't have one. But anyway, it's there and it's in place and the municipality can waive it if it wishes. I get the same problem in small municipalities even where they're adjacent, where there is a vacancy in the unit but they won't let somebody in from outside, from the next neighbouring municipality.

That problem is there and it is going to continue to be there until there is some way of organizing that area. I'm hopeful there will be organization of some kind of municipal structure in the very area you are talking about.

**Mr. Wildman:** If you're talking about Sault North, that would deal with that.

**Hon. Mr. Rhodes:** Yes.

**Mr. Wildman:** But then you have a lot of other areas where the problem still exists—if you look at Hawk, for instance, as opposed to Michipicoten—

**Hon. Mr. Rhodes:** There, the township was prepared to accept—

**Mr. Wildman:**—or Cobden or Striker township as opposed to Blind River, a place like that.

[10:15]

**Hon. Mr. Rhodes:** In those areas it is going to be up to the municipality to waive the residency requirement, and be prepared to accept those residents without having somebody in that municipality share 7.5 per cent; to just absorb it in their particular case.

**Mr. Wildman:** Most municipalities would be unwilling to do that, though, in most cases, wouldn't they?

**Hon. Mr. Rhodes:** I would think not, because it really doesn't add that much to them. It is better to have somebody in the unit than to have it vacant.



**Mr. Wildman:** What I am talking about is when they do their needs and demands survey, they are not taking the unorganized community into account. In the case of Michipicoten, they only opened up those units because they found that they didn't get as many people moving from Wawa or Michipicoten Harbour or Brantford or whatever, into those units when they had them completed. Then they said, "Well we have got to fill them up so we will open them up to Hawk and White River." And I suppose, Dubreuilville, too; I think they had one application from Dubreuilville. When you are doing a needs and demands survey, wouldn't it be sensible to include the unorganized in that needs and demands survey so that you can get a better handle on how many people in an area need this kind of housing?

**Hon. Mr. Rhodes:** If the municipality is prepared to accept those persons, whom you would identify, into the units it has in the municipality, I suppose you could. But I think it would be wasting our time if you go out and do the survey only to have the municipality say, "Well, we are not going to accept them anyway." But certainly you could if they would accept them.

I think in the case of the units in Wawa, let me tell you that part of the reason they allowed people from White River and Hawk Junction and Dubreuilville and others to come in there, is that they were embarrassed to tears over the fact that they had told us they had a great need. When the buildings were put up they couldn't fill them and they just wanted to get some bodies in them, that's all.

**Mr. Wildman:** Okay. That is a major problem in my area and I imagine it is across the north. But it is something that we should be looking at, I think.

Another area of concern in regard to Wawa is in the number of family units. I don't know whether you have the file here; if not, fine, I can give you my impressions of the situation. It seems to me that there is a tremendous shortage of family units in the Wawa area, and for that matter, in the Blind River area too, but I will leave that for a moment. I passed on a request from the municipality for a survey to be done and I would like to know where you are in your survey in the Michipicoten area for family units, and what the needs are.

**Hon. Mr. Rhodes:** The numbers I have here—this is as of May 30—show that in Michipicoten and Wawa, primarily, there is a need for 32 units: one one-bedroom, 11 two-bedroom, 17 three-bedroom, two four-bedroom, and one five-bedroom units.

**Mr. Wildman:** I passed figures like that along to the municipality and they themselves said they thought those figures were out of date.

**Hon. Mr. Rhodes:** Did you think they were too high or too low?

**Mr. Wildman:** They thought they were too high.

**Hon. Mr. Rhodes:** This report says that 20 of the 32 have been processed. They have had their visits and so on.

**Mr. Wildman:** As I said, I don't think they are too high because I have had a number of requests and that is why I got the figures and why I went to the municipality. But the municipality indicated that they didn't think the need was that high, so they then sent me a letter requesting that I look into getting a new survey done, which I then passed along to OHC. I am wondering where that survey is now, whether you are going to do it, whether you are doing it or what.

**Hon. Mr. Rhodes:** Well, we can certainly carry out a new survey but, quite frankly, I think that is just a dodge on the part of the municipality to delay as much as it can the provision of these units.

**Mr. Wildman:** I think there is a tremendous need there and they should be getting them going on it. So your position is that you think there is a need there.

**Hon. Mr. Rhodes:** Certainly. This is the waiting list we have.

**Mr. Wildman:** Okay.

**Hon. Mr. Rhodes:** These would be people who have applied for—

**Mr. Wildman:** You have 32 there?

**Hon. Mr. Rhodes:** Yes. Not necessarily the need; it is the demand.

**Mr. Wildman:** Right. Okay.

**Hon. Mr. Rhodes:** The need may be even greater.

**Mr. Wildman:** How many units do you have in Wawa right now? Under 5,000 as far as municipal grants are concerned. Wawa is the biggest community in my riding.

While you're looking for that, do you have any figures on the demand in Blind River for housing? Blind River is about 3,200.

**Hon. Mr. Rhodes:** Blind River is 52; I'm talking about family units now.

**Mr. Wildman:** The demand.

**Hon. Mr. Rhodes:** We have applications for 52.



**Mr. Wildman:** Okay. While you're looking for those figures, I'd appreciate if you could tell me how many units you now have in Blind River as well. That's quite a number of applications for the size of the community. I'd also appreciate if you could tell me when the last unit was built in Blind River.

**Hon. Mr. Rhodes:** It's 10 family units in Wawa.

**Mr. Wildman:** Ten family units?

**Hon. Mr. Rhodes:** Yes—under management.

**Mr. Wildman:** Are most of them two-bedroom?

**An hon. member:** It would likely be three.

**Mr. Wildman:** What about Blind River? In Wawa you've got 10 and a waiting list of 32.

**Hon. Mr. Rhodes:** Blind River; under management we have 51 units; that is family units and we have 74 senior citizen units.

**Mr. Wildman:** Right; and 52 applications for further assistance.

**Hon. Mr. Rhodes:** We are now in the process of seeking sites or designing for 50 more.

**Mr. Wildman:** Oh, good.

**Hon. Mr. Rhodes:** I'm sorry, that's senior citizen. Let me qualify that. I gave you an incorrect total for Blind River. In Blind River we have under management family housing units a total of 28. That's family units; senior citizen units are 38. We have 19 family housing units in Blind River under construction. So that should give you a total of about 47 family units when they are completed and a need of 51; but you wanted 52.

**Mr. Wildman:** Can you also tell me, you have senior citizen housing under construction in Iron Bridge, Bruce Mines, Hilton?

**Hon. Mr. Rhodes:** Iron Bridge has 10 senior citizen units under construction, Hilton Beach 17, Bruce Mines 10.

**Mr. Wildman:** Bruce Mines is to deal with plumber additional, as well as Bruce—that's shared costs for the two municipalities?

**Hon. Mr. Rhodes:** I believe that's correct.

**Mr. Wildman:** And Hilton Beach and Hilton township.

**Hon. Mr. Rhodes:** Right, that's correct.

**Mr. Wildman:** I understand that the Hilton project is built on the boundary of the two municipalities and that they have yet to work out an agreement as to how much each municipality is to pay under that maintenance.

**Hon. Mr. Rhodes:** Eventually it's going to be worked out on where the applicants come from, where they have had residency.

**Mr. Wildman:** Right now the two councils are arguing with each other about it so maybe somebody should get it straightened out.

**Hon. Mr. Rhodes:** If they can find something to debate, they'll debate it.

**Mr. Wildman:** Also, you've been thinking about or planning or looking for sites and so on for a long time in the Thessalon area. I know you had a problem with sites. Can you tell us how long you've been working on that and when we might see the units completed? Also, is that to serve Thessalon town plus the township?

**Hon. Mr. Rhodes:** We've got a project going in Thessalon where we had a slowdown or a delay because of the water and sewer situation. But the site has been acquired. That was for seniors, not for families.

**Mr. Wildman:** Okay, my question was to do with seniors first.

**Hon. Mr. Rhodes:** The site was acquired.

**Mr. Wildman:** There was a problem with sites for quite a while beforehand, an argument as to where it should be?

**Hon. Mr. Rhodes:** Well, there was a big argument. Some of the good people in Thessalon, as you probably recall, wanted the site downtown.

**Mr. Wildman:** Right.

**Hon. Mr. Rhodes:** Some of those who are involved in the seeking of sites thought it would be better if it was not, and the good people won.

**Mr. Wildman:** The good people won. What demand do you have for family residence in Thessalon?

**Hon. Mr. Rhodes:** The demand is for eight two-bedrooms and one four-bedroom.

**Mr. Wildman:** I understand that you have made a commitment—and I was at the press conference that you attended along with the Treasurer (Mr. McKeough)—to participate in the Hallmark development in Hornepayne if it proves feasible. Are you talking about 10 units there, is that the right number?

**Hon. Mr. Rhodes:** In the Hornepayne project?

**Mr. Riggs:** About 15 senior citizen units.

**Mr. Wildman:** I understand that at the time of that press conference back in January there was an agreement made that the Hallmark development people would do the feasibility study and that was to be completed by late June, at which time the government would determine whether or not it

would go ahead with a final commitment to participate. Have you received the report from Hallmark on their feasibility study? Or would that go to the Treasurer?

**Hon. Mr. Rhodes:** That report would go to the Treasurer. Our involvement was simply that if the project goes ahead we would have the senior citizen units in it.

**Mr. Wildman:** I understand that. You haven't had any correspondence from the Minister of Intergovernmental Affairs?

**Hon. Mr. Rhodes:** I haven't received anything from the Treasurer indicating that he has such a report or that he wants us to start—

**Mr. Wildman:** I know we are out of time, Mr. Chairman, but I have one other question if you would permit me. Is there any intention of going ahead with the senior citizen project in the Echo Bay area—that is in the township of Macdonald—even if they don't have water and sewer?

**Hon. Mr. Rhodes:** If they don't have water we are sure not going to go ahead.

**Mr. Wildman:** Well, that's the problem.

**Hon. Mr. Rhodes:** That's right.

Vote 2104 agreed to.

The committee adjourned at 10:30 p.m

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# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Housing



**First Session, 31st Parliament**

Tuesday, July 5, 1977

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC



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## LEGISLATURE OF ONTARIO

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TUESDAY, JULY 5, 1977

The committee met at 3:38 p.m.

### ESTIMATES, MINISTRY OF HOUSING (concluded)

**Mr. Chairman:** I see a quorum.

**Hon. Mr. Rhodes:** As we have two votes left to handle, one being 2106, North Pickering Development Corporation program, and the other 2107, home buyers grant program, I am wondering if the committee would agree that we could deal with 2107, which would take very little time. We have Mr. Lam here from the Ministry of Revenue. As you know, that ministry is actually the one that handles his program in that the Ministry of Housing is only the funding agency really. With the agreement of the committee we could deal with that one rather quickly.

Agreed.

Vote 2107—Home buyers grant program, agreed to.

**Hon. Mr. Rhodes:** I guess we are off to 2106 then. Thank you very much, Mr. Lam.

**Mr. Lam:** Thank you very much.

**Hon. Mr. Rhodes:** Could we see you next year? He is one of the more efficient fellows, I'll tell you.

Stick around; I might need you in the next one.

On vote 2106, North Pickering Development Corporation program:

**Mr. Ashe:** I would just like to get a little more information from the minister as to the status of the North Pickering Development Corporation. It would appear to me, representing that area and having come from the municipal scene in that area the last few years, that in the way of public awareness and in the way of municipal awareness, there is very little that has really gone on in the last couple of years. I see under the new complement of staff there are 40 people there doing something. I would like to hear what they are doing for \$2.8 million, appreciating that part of that is interest costs. Really, what is the status of the corporation vis-à-vis the presentation of the final development plan; and when it might be anticipated that the significant funds that are probably going to

be involved might be included—in next year's estimates? Where does that stand?

**Hon. Mr. Rhodes:** As far as the corporation itself is concerned, it is still in place; and, as I think you can appreciate, the original plan was varied considerably as a result of the decision not to proceed with the airport at this time. This changed the development plans for the area and there has been considerable work done in attempting to arrive at what size of acreage would be used for the actual development of the community.

The second situation the corporation has to deal with is the fact that the corporation has to operate like any other interested developer in that area and must comply with the requirements of the Durham region. The corporation was to present any development proposals to the region, and the region in its official plan has indicated that it has designated this particular area as a study area; so there is going to have to be some discussion between the corporation and the region in order to allow any development to take place, which is going to require changing of that study area.

The corporation is in place, it is there and it is attempting to get on with the planning process on the particular acreage which has been designated for that use. Perhaps I could turn to staff to explain the workings of the 40 employees who are out there at the present time.

**Mr. Grant:** Mr. Chairman, the staff of the corporation are involved in a number of things. One is changing or, if you like refining, the recommended plan which was put out some time ago now and coming up with a plan for development for a corporation. As the minister said, because of the change in circumstances and the relationship to Durham, this doesn't happen overnight. It is taking some time to come up with a plan for development; hopefully, that will be completed some time this summer or in the fall.

The second thing is to establish all the administrative and organization policy relationships with the government, and the corporation is working very actively in this area.

The third is the ways in which the development might be undertaken; there are many ways of involving the private development

industry, and all these things are being considered and wrestled with. Then there are the general day-to-day operations of the corporation, so that the staff are being usefully employed.

**Mr. Ashe:** Can we have a little more specific breakdown on the activities of the 40 people in terms of numbers? How many people are involved in administration? How many people are involved in actually refining the plan? In other words, in the planning perspective, are some of the maintenance people included in that 40? That's really the question.

**Mr. Grant:** Mr. Chairman, the 40 staff who are discussed in the estimates are not all in place. There are 34 approved positions and six additional positions which have to be approved individually by Management Board. We have not yet requested those additional positions, so we are really talking about 34 existing positions. Of those, 16 are on the planning side and the other 18 are on the administrative side. When I say on the planning side, that includes clerks, typists and secretaries as well as planning technicians; so if you are talking about professionals, we have seven professional planners.

[3:45]

**Mr. Ashe:** What do 18 administrators do?

**Mr. Grant:** They are not all administrators. We have a financial analyst who is working with the corporation in terms of doing some long-range financial analysis of the development and with the region of Durham and the town of Pickering in the financial impact studies. We have a computer services coordinator who is helping us develop systems for the future. The rest are accounting staff, who do more than the accounting work for the corporation; they also do it for the land acquisition and management branch at the site, and account for all the properties. Of course there's quite a deal of accounting to do in terms of the properties.

**Mr. Ashe:** What would be envisaged that the six new staff members would do when and if they're approved by Management Board?

**Mr. Grant:** In the six there were two accounting clerks, a senior engineer, a marketing consultant and a development type of person.

**Mr. Ashe:** Then in these estimates it is assumed that these people will be on stream for a part of the fiscal year. Is that correct?

**Mr. Grant:** Yes. And a chief executive officer was included in that.

**Mr. Ashe:** I have no other comments at this time, Mr. Chairman.

**Mr. Chairman:** Mr. Breaugh?

**Mr. Breaugh:** You mentioned a couple of points. How many meetings have you had with the region of Durham—say, this year? You implied very clearly that your staff was meeting regularly with regional staff or with members of the regional council. How many times has that happened since January 1977?

**Mr. Grant:** At the staff level, probably there have been 10 or 12 meetings.

**Mr. Breaugh:** And with members with the regional council or subcommittees of the regional council?

**Mr. Grant:** None, to my knowledge.

**Mr. Breaugh:** Wouldn't you think, if you were trying to put a co-ordinated effort here that you would have met with the members of the council at least on one occasion in the past six months during this rather critical time?

**Hon. Mr. Rhodes:** There really is nothing to discuss with the council until some of the problems, which obviously, are there, are resolved at the staff level. There's not much point in attempting to circumvent the staff in the region and go directly to the political arm, only to run into the sort of opposition which would be generated at the staff level within the region; I think you would understand that, having been in that group at one time.

We really feel that before charging into the sort of political discussions that will have to be held, the staff should be meeting with a degree of regularity in attempting to work out some of the technical problems as they are envisioned by both groups.

**Mr. Breaugh:** Have you begun the normal development procedures in terms of making a formal request of the regional council for anything of that nature?

**Mr. Grant:** Yes, there was a formal request made to the regional council at the time that the regional council was developing the official plan. The corporation asked the region then for a change in status from a study area. That was our formal representation to the regional council.

**Mr. Breaugh:** But you haven't begun anything else other than that?

**Mr. Grant:** No.

**Hon. Mr. Rhodes:** Mr. Wronski?

**Mr. Wronski:** If I may assist the committee, Mr. Chairman: Right now the discussions are at the ministry level with the regional staff, as well as regional council.



through regional staff. The plan, as you know, was submitted several months ago and continuous discussions are taking place right now leading towards the approval of the plan. Until such time as the plan is resolved, obviously the corporation can't make any formal approaches to the region.

Right now, as you very well know, the designation for the North Pickering area is a study area. Until that issue is resolved on the ministerial and regional level, there's really no point in a formal approach to regional council. What the staff of the North Pickering corporation are doing at this stage is preparatory work, such as looking at the major arterial roads, the alignment and co-ordination of those roads with Scarborough, as well as the region of Durham and Pickering itself, in preparation for a future development of the applications to the town and the region.

**Mr. Breaugh:** Let's deal with the rather interesting little quandary that you're in there. Since one branch of the government, the development corporation itself, is proposing the development, and since another branch of the same ministry is going to be approving the official plan, how do you propose to get around whatever natural conflicts might arise in that instance?

**Hon. Mr. Rhodes:** I think there's another natural conflict that you haven't really touched on that should be part of that equation.

**Mr. Breaugh:** There might be one more, yes.

**Hon. Mr. Rhodes:** Let me mention one more that's probably the prime one. It is a policy of the government that we are going to develop the North Pickering site.

**Mr. Hall:** Hasn't the ministry's policy been announced.

**Hon. Mr. Rhodes:** Yes, it's announced policy by the Premier (Mr. Davis) that the North Pickering site would be developed. As for the regional official plan, there is some discussion to be held in the study area. That probably is the most important of the issues that would have to be resolved at the top.

**Mr. Breaugh:** Let me go back, then, to a point that I raised previously, since you put so succinctly that there are some discussions to be held. Why isn't the regional council, not the staff, involved in these discussions?

**Hon. Mr. Rhodes:** We have not met, as the minister and the council and discussed this issue, for the simple reason that I would much rather allow the staffs to work out whatever technical problems they may have envisioned in the development of the plan. I know the staff of the region developed

their recommendations to their council. I would rather have the staff at the ministerial level, as Mr. Wronski has mentioned, have meetings with them, as well as the development corporation, to see if there is any meeting of minds at staff level. It may very well be there is going to be, and I'm sure there shall be, the required meeting with the regional council. Just as I'm being advised from the staff in the ministry as to what is going on in these discussions, I'm assuming the same sort of advice is going from the regional staff to their council as well.

**Mr. Breaugh:** And what role is the public playing in this?

**Hon. Mr. Rhodes:** I would think at this stage the only role the public would have played would have been their involvement in the development of the official plan.

**Mr. Breaugh:** Having set aside this particular area as a special study area, that having been done about a year ago now, wouldn't it seem appropriate that we would be proceeding in some way with the development of that special study and that part of that process would be a series of public hearings?

**Hon. Mr. Rhodes:** No, I think you are aware that the special study designation is really a way of saying nothing is going to happen there until a proposal is made to us that we can look at.

**Mr. Breaugh:** I see an interesting problem there of trying to be two very separate and conflicting entities, proposing a development in one instance and then approving the official plan that will authorize that development in the other. I suppose you can find some merit in the argument that in the development of the official plan there were public hearings—certainly there were public information sessions, whether they were hearings or not is a good question—as the North Pickering plan itself was developed. That being said and that being all well and good, it strikes me that at the particular crucial moment we're going through now, when the special study status will be lifted and the final plan approved together, you have to bring both the council and the public to play.

**Hon. Mr. Rhodes:** You have to remember, that from my point of view as Minister of Housing, it would be desirable if the official plan of the Durham region was to show that particular area as a development area—nothing specific but just as an area for development. Then it places us in a position of being required—and we understand that and there is no question about that—to present

our development plans for the area to the region for their approval, through the usual procedure that any developer goes through in order to develop any particular area of that region.

What has to be resolved first, I suggest to you, is the question of whether or not that is going to be a development area. Once that area has been established, then we proceed with our proposals to the region.

**Mr. Breagh:** That's a very interesting statement. You just said about 10 minutes ago the province is going to develop the North Pickering site. Now you have just said you want first to resolve the question of whether or not it is going to be a development area.

**Hon. Mr. Rhodes:** Okay, let's put the cards on the table. If it is the policy of the government that that is going to be developed, then what is in my purview to do would be to amend the official plan to make it a development area.

**Mr. Breagh:** That's right.

**Hon. Mr. Rhodes:** I don't really like to operate that way. I would much rather be able to discuss it with that regional council, and through their staff, and come to an understanding and agreement that this is a good thing to do, that it can be done without any adverse effect upon the total region. I don't just want to go and impose our will on the region. I would rather discuss it with them and get their concurrence.

**Mr. Breagh:** I would really buy that, Mr. Minister, if you had told me you have met with members of the regional council six times in six months. I would say: "Boy, they really are discussing this."

**Hon. Mr. Rhodes:** I think it is fair to say to you that I have met with members of council; not with the whole council, although I have had—

**Mr. Breagh:** All right now, come on.

**Hon. Mr. Rhodes:** Just a moment. I have had their planning committee down here in my office, the whole committee, and we have discussed this, among other things, as it relates to the Durham region. We certainly talked about Pickering. I haven't gone down to Oshawa or wherever they meet and met with the whole council, I haven't done that; but I have met with their planning committee, which included six or seven members of the council plus the chairman.

**Mr. Breagh:** When was that?

**Hon. Mr. Rhodes:** I have had two or three meetings; certainly within the last year I have had at least two or three meetings.

**Mr. Breagh:** Have you had a meeting since January, just as a matter of interest?

**Hon. Mr. Rhodes:** Yes I have. I have had one meeting since January.

**Mr. Breagh:** On the North Pickering project?

**Hon. Mr. Rhodes:** Yes, it was one of the items we talked about. We don't spend the whole time talking about the one item.

**Mr. Breagh:** I know that.

**Hon. Mr. Rhodes:** There are other things, which have done nothing but benefit the region.

**Mr. Breagh:** Oh certainly. I certainly accept your position on that.

I just want to put a last plea in there: I have some concerns, not specific and not technicalities, I have some concerns about the process that is being used. I wish it were more open, and by more open I specifically mean that you dealt with that council on a more regular basis to develop what you are saying you want to develop.

I have some hesitation, always have had and I suppose always will have, when planners meet and those people who will be giving final approval to a project—namely the council I hope—don't participate as actively and as openly in that process as I would care to see happen.

I want to be very frank about it and not pussyfoot around. I have great concerns about what the minister just said, that the planning and development committee comes down to his office. I am not suggesting it is inappropriate for them to do so, but I am saying that if you are going to do that, there ought to be open, public discussions of this as well, between the ministry and the planning and development committee of that council and the council as a whole. I think we would all be better served if that was added to the approach you are now using.

**Mr. Grant:** Mr. Chairman, from the point of view of the North Pickering Development Corporation, I think the thing is a little more complicated because of the status of the region of Durham's official plan. The Act envisaged that there would be an official plan in place—that is the Act that established the North Pickering Development Corporation would apply then to the regional council for an amendment to that official plan.

That will happen. The corporation will formulate a plan for development, apply for an amendment to the official plan to incorporate all the policies and statements in that official plan amendment, and then go through a normal planning process directly with the



region of Durham or the town of Pickering, whichever is the appropriate planning authority.

**Mr. Breagh:** Can I leave that part, having stated my objections? They are not totally negative, either, in the processes there. I appreciate that an effort is being made.

I want to deal, though, with some of the developments of the program itself. What in particular are you discussing now in terms of an industrial base for North Pickering? I want to put squarely on the table a number of concerns that are expressed in my riding, and I suspect in Durham East and Durham West, about how that industrial base for the North Pickering project is developed.

**Mr. Hall:** Mr. Chairman, I'm having trouble concentrating with all the other conversations in the room. Is this a reasonable request that we just tone it down a little?

**Mr. Breagh:** In particular, what are your plans at this point in time to develop an industrial base for North Pickering? Specifically, what kind of servicing arrangements are there? I am well aware that the big blue pipe is nearby. Who is going to get the advantage—

**Hon. Mr. Rhodes:** That pipe is brown.

**Mr. Breagh:** It will be blue, I imagine, with trilliums all over by the time it is finished.

**Hon. Mr. Rhodes:** No, it's strictly brown.

**Mr. Breagh:** On the inside or the outside?

**Hon. Mr. Rhodes:** You may have spent more time inside than I have, you'll have to tell me about that.

**Mr. Breagh:** It's not in my riding, I don't crawl in pipes outside my own riding.

What incentives are there then? I'm concerned about how that thing goes, in particular in regard to the industrial base. I'm obviously concerned that the city of Oshawa in my riding is attempting to put an industrial park on stream and is having great problems servicing the park because it's expensive and that is tending to be not an attraction to industry but in fact to be a deterrent. We've already lost an industry in the town over servicing problems.

It strikes me that North Pickering can be either a great asset or a real threat to anybody else in the region of Durham attempting to attract industry. You've certainly got projects, financing, staff—everything that one would ever desire to put together an industrial base for a particular area. I'm not interested in the argument that the industrial base for Pickering is going to service the entire region

and so on, because I for one would disagree with all of that. Could you give us some discussion points on that?

**Mr. Wronski:** If I may, Mr. Chairman, there are two points I would like to make. First of all, the government is making a very concentrated effort to improve the existing base even before North Pickering starts. As you know, the Oshawa industrial park just received a loan of \$1.7 million towards servicing, and that's not just the services such as water and sewage loans—

**Mr. Breagh:** Wait a minute now. Would you run over that again? The Oshawa industrial park you say?

**Mr. Wronski:** That's right. The loan was extended for the inter-regional industrial park between Oshawa and Whitby. I'm talking in geographical terms—

**Mr. Breagh:** Oh no; come on. I'm talking about Oshawa. I don't believe the Oshawa industrial park received those funds.

**Mr. Wronski:** I am talking about the Stephenson Road Park.

**Mr. Breagh:** They got the money?

**Mr. Wronski:** Well, the money—

**Mr. Breagh:** It is my understanding that the minister offered the money as a response to the Oshawa city council. He offered the money to the region of Durham, which then dispensed it as they saw fit, which happened not to be directed to—

**Mr. Wronski:** The bulk of it going to Stephenson Road. Yes.

**Mr. Breagh:** That's not my understanding.

**Mr. Wronski:** That's the way it was.

**Hon. Mr. Rhodes:** Let me just clarify that. What you're saying is correct. The \$1.7 million went to the region and the region then has allocated, I think, practically all of that funding into the opening up of road facilities and put servicing into the Stephenson Road park.

**Mr. Breagh:** I would beg to differ that you're doing very much for the Stephenson Road industrial park. I would make the case that you're doing a good deal for Whitby's industrial park, which happens to be adjacent to it.

**Hon. Mr. Rhodes:** I think that it's for both.

**Mr. Breagh:** And some of your funds were spent to acquire private property—I believe Mr. Ashe is aware of that—at a rather substantial price.

**Hon. Mr. Rhodes:** Not a part of that \$1.7 million.

**Mr. Breagh:** That ain't the way I hear it.



Hon. Mr. Rhodes: You have heard wrong.

Mr. Breaugh: George, did I hear wrong?

Mr. Ashe: The other is servicing.

Mr. Breaugh: Yes, the other is. But the substantive portion, the amount that was allocated to the region for servicing, was spent in the acquisition of private property.

Hon. Mr. Rhodes: No, that's not correct. If you're referring to the acquisition of land to provide for the location of a Liquor Control Board warehouse, then that is absolutely incorrect. The money that will be used to acquire that land will be coming from the Liquor Control Board. It will not be coming from that \$1.7 million or any other funding from my ministry, or Treasury.

Mr. Ashe: That's my understanding as well.

Mr. Breaugh: That money is forthcoming now? And you will then free up further funds to be used in the servicing of Stephenson?

Hon. Mr. Rhodes: The \$1.7 million was turned over to the region.

Mr. Breaugh: To use as they saw fit?

Hon. Mr. Rhodes: To use as they saw fit.

Mr. Breaugh: So if I have an argument, I have an argument with the regional council and not with you, because your hands are clean.

Hon. Mr. Rhodes: Oh my hands are always clean. I would suggest the region's probably are too. I again will repeat, none of that \$1.7 million is being used to purchase that site for the—wait a minute, let me qualify that.

Mr. Breaugh: I thought you would.

Hon. Mr. Rhodes: Let me qualify that. The region was to acquire land, which in turn it would sell to LCBO.

Mr. Breaugh: That's right.

Hon. Mr. Rhodes: But that \$1.7 million is allocated to servicing, both roadway and in-ground services.

Mr. Breaugh: But I understand that portions of those funds—okay; let's go back to the original question.

Mr. Wronski: The point I was trying to make, Mr. Chairman, is that the government is trying to stimulate industrial development throughout the region, even before North Pickering gets off the ground. Also, if the structure of the plan is accepted the way it is by the region and it calls for residential development first—even before the industrial development starts—because of the configuration of land and services coming from the lake to the south of the site, we feel by the time any industrial development really gets going in North Pickering very serious impacts will have occurred in the region as far as

industrial development is concerned, and the gradual development of the North Pickering community to be somewhat self-sufficient and not to be a burden on the total region, will not really be visible at that time, because it will be that far removed from the original idea for the community. The only thing which may happen is the whole economic development of the area, if by chance the federal government decides to build an airport. I think one has to recognize this possibility, and therefore the economic sequence of development could be changed; but then the whole region benefits from it.

Mr. Breaugh: So you are saying that in the preparation of a development plan or program you are quite prepared to state very baldly that your priorities will be to the development of industrial parks in other sectors of the region first, and then to set out a schedule whereby you will develop some form of an industrial base for the North Pickering project? Is that it?

Mr. Wronski: I think it's fair to say, Mr. Chairman, that we do not intend North Pickering to be a threat or competition to industrial development of the total region.

Mr. Breaugh: And that is going to be a part of the development plan you present to the regional council?

Mr. Wronski: Obviously, the phasing of the plan and its actual composition is subject to approval of the council.

Mr. Breaugh: Maybe.

Hon. Mr. Rhodes: No; no maybe.

Mr. Breaugh: Except if they come up with the wrong answer.

Hon. Mr. Rhodes: No. Aside from the fact that we do have to resolve the question of the study area or development area, anything beyond that is in the legislation which established the region and this requires us to have approval of any development plans. When I say "us" I mean the development corporation. We don't have the ability to do anything but go along with that region as far as the staging of development out there is concerned.

Mr. Breaugh: Okay, I want to make the point, though, that that staging is crucial to the acceptance of the project within the region. In fact, you could turn around whatever opposition you might find for the project by giving very strong concessions and by making that more than just the public statement of intent in the beginning, but an integral part of the development program that you propose for the region.

Let me move to another rather sticky problem, and that is how is this thing all going to come about. I have some grave concerns that we, as a province, have invested substantial amounts of money into acquiring property out there, have gone through the rigmarole of expropriations and hearings and are still in the middle of those things, and that in the end we are going to sell off to private development companies pieces of land at market values which may be as inflated as other pieces of property at market value around there. In the end, nobody is really going to benefit very much from this entire project, aside from the fact that it might look nice; in practical terms, nobody is going to benefit. I understand that within the original development team that was one of the conflicts. What do we do when we get all this property together and we do all this planning? In the end, does anybody benefit from it? Let me hear your response to that.

**Hon. Mr. Rhodes:** Well, first of all, when you are going to develop that particular area, you are going to develop it—from my point of view, and I believe from the North Pickering Development Corporation's point of view—as a totally integrated sort of community. It isn't going to be a lot of estate lots and it isn't going to be all one specific size of home. We want to have a totally integrated community that will have a variety of people of various income brackets living in the area, so that the community itself will have some solid base. It may be that the corporation will have to look at the possibility of entering into an arrangement with people who have developing expertise in these areas but they would market the land through a consortium of some kind; we could enter into an arrangement where the government would have a portion of the share, not unlike many things that your party has advocated. Mr. Breaugh, where government and private enterprise get together and do something of mutual benefit. These are all areas that have to be investigated by the corporation and they are in the process of doing that now.

**Mr. Breaugh:** To be a little more explicit: I am really going to be upset, and I suspect a large number of other people are, if after all of this expense, delay, effort and whatever, we dump the lands to Runnymede and Mimsey and Armstrong Homes to go out and sell subdivisions again. Is that going to happen?

**Hon. Mr. Rhodes:** No. I don't think that's going to happen. I think there's an avenue

which should be explored, that is the possibility of entering into a joint arrangement with, say, two, three or more developers who have considerable amount of expertise, but with the government retaining a large interest, if not the controlling interest, in what goes on.

**Mr. Breaugh:** Will the development corporation itself build and market homes?

**Hon. Mr. Rhodes:** I would think not. No, I wouldn't think the corporation would get into that. They would act as developers, not as builders.

**Mr. Breaugh:** Well I have to put that as my major concern at this point in time: I don't see a clear response coming either from the ministry or staff as to how the project gets to the market stage, I think that's the crucial one.

**Hon. Mr. Rhodes:** I don't think we can answer you directly on that, because I don't think it has been totally resolved as to how to go about getting that part of it done. We've spent a lot of time in this other area of concern, to get the plan developed. As I mentioned before, we were concerned with changing the size. Right now we are talking about an urban community of about 7,000 acres with a population of 70,000 to 90,000, in that area somewhere. That's certainly much smaller than the original concept. The other lands in the area will be left to agricultural use and green space.

There's a lot of area out there—and I am sure you are more familiar with it than I am—which should probably be in the hands of the conservation authorities—the valleys, the creek beds and that sort of thing. It can be developed into pretty good recreational and open-space land. There are other areas out there—and again I think you would agree—that should remain in agricultural use. That is what will happen.

**Mr. Breaugh:** Because of the difficulty I am having accepting your response, what is the objective of the North Pickering project at this stage in time?

**Hon. Mr. Rhodes:** The objective is to develop a community in that particular area which is going to have a sort of bridging effect between Metro Toronto and Oshawa. Just look at it in a very broad perspective. You know and I know that we are having a great deal of difficulty getting industry to locate in that area. Certainly we have been working at it, and I know the communities in the area have been working at it, the region has been working at it, but with not a great deal of success. We get a great many arguments about it being too far re-



moved and all that sort of thing. It seems to me that if we can get something between what is now Metro and the Durham region—in the region between Oshawa-Ajax-Whitby core and Metro—we can then have this thing move and help bring industrial development to the area, both in the existing communities of Oshawa-Ajax-Whitby and eventually into the North Pickering site.

**Mr. Breaugh:** It sounds very much as if you have pretty well abandoned hope of having an impact on the market, of driving down the price of housing, of stabilizing things in that area. You have moved to other things, haven't you.

**Hon. Mr. Rhodes:** No. I'll go along—

**Mr. Breaugh:** I mean you didn't say it.

**Hon. Mr. Rhodes:** Certainly that's there, and I thought it would go without saying. If we are able to bring in a community of 7,000 acres of land and the residential portion of that comes on stream, serviced and what have you—right along the "big pipe" as you affectionately refer to it—that just has to have an impact on the price of land in the area. The land would be available, either serviced or very easily serviced.

[4:15]

**Mr. Breaugh:** Then it becomes crucial that it is brought on in that way, so that it is designed to have an impact. I am really wondering about the purpose of the exercise at this stage in time. You seem merely to have shifted from a number of very desirable goals that were expressed initially, about impacting on the price of raw land and impacting on the market price of a residential unit in the end, you have shifted around substantially to the point of view where we are going to try to have a nicely planned community and we're going to do a number of other things, but we have left some of our original objectives behind us. What we're really saying is we're going to have good planning in that area. If that's the case, I think you could have achieved that much more easily certainly, and probably much more efficiently, by going to a local planning process that would have worked. I'm kind of sad that I don't hear as a priority objective that you're trying to do something according to the original objectives, as I understood them, of the North Pickering project.

**Mr. Grant:** I think the original objectives of North Pickering are still valid, and certainly from the corporation's perspective these basic principles are being retained in the plan for development; that is to divert growth to the east of Metropolitan Toronto,

which was part of the original concept, to provide this wide mix of residential housing of all types and to provide the jobs. It is a phased development. It has to be, it's too large.

Our initial studies have shown that to talk of a pace of more than 2,000 units a year is socially unacceptable. There are approximately 20,000 to 22,000 units required to make 70,000 to 90,000 population. At a maximum pace of some 2,000 units a year you're talking about a 15 to 20-year development period. Now 2,000 units a year will have some impact in that area.

**Mr. Breaugh:** The 2,000-units-a-year in the city of Oshawa, which has been roughly what they've been doing for the last five or six years anyway, has had an impact all right, but certainly not a desirable impact.

Excuse me for saying so, but you're a long way away from the original goals that were expressed. Frankly, I am confounded to see how you are going to accomplish much more than a neat planning package that'll go on the books as being "that's the way Ontario did it." If you're going to adhere to what the minister has said about putting the land out at market value at that particular point in time, you're running contrary to what every developer has always said; that is cut out all the garbage about the planning process, flood the market with lots and it'll take care of itself. I don't see what the people of Ontario are getting out of this exercise at this point.

**Hon. Mr. Rhodes:** You've confused me just a bit on your direction, because you're telling me, first of all, that if you flood the market with lots—

**Mr. Breaugh:** That's not my argument.

**Hon. Mr. Rhodes:** Wait a minute, I've heard this.

**Mr. Breaugh:** There is a school of thought.

**Hon. Mr. Rhodes:** Yes, I picked up that little message earlier today. If you flood the market with lots you drive down the price of lots. I suppose that's probably what can happen. If you suddenly have a whole lot of lots on the market for sale, that means people then will find them desirable to purchase and build homes on, which means you get a whole lot of people.

But you've just mentioned to me that that has had a very adverse effect on Oshawa where they've been absorbing 2,000 units per year. Certainly the mayor of Oshawa has stated unequivocally to me: "Don't ask me to put any more housing in my community until I have jobs for them." You're saying to me there really isn't the demand for the housing at the present time, or at least the



community doesn't want to absorb it, until they have some sort of industrial or commercial base to provide assessment among other things, and at the same time to provide jobs for the people. I understand that. Oshawa, Ajax and Whitby do not want to become the bedroom communities for Metropolitan Toronto.

**Mr. Breagh:** Unfortunately, I'm afraid they already are.

**Hon. Mr. Rhodes:** Yes, to a degree. But you can get some industrial development and some growth of that sort in the area, when that trend can certainly turn around. I'm darn sure people would rather live in Oshawa and work there than commute back and forth.

**Mr. Breagh:** I'll go along with that.

**Hon. Mr. Rhodes:** Even you, if we moved Queen's Park to Oshawa you'd be happy.

**Mr. Breagh:** The other point about Parkwood being a members' residence is another matter.

I have some great problems with it and I appreciate the difficulties that are there, but at this point in time the minister is saying he wants to put them out at market value and that he wants to phase it in over 15 or 20 years, which is understandable. I really am at a loss to say why we do all of this. What benefit will accrue to the people of Ontario from this entire costly and backbreaking exercise? Somebody tell me what good thing will happen.

**Mr. Wronski:** If I may draw the committee's attention to it, there are 17,000 acres here under government ownership and therefore under government control. It will be up to the government to release any amount which it sees fit—whether to flood the market according to one theory, as you mentioned yourself, or alternatively to use any program available to the government to produce the housing which is required. The important thing is that it will not be the vagaries of the market or the decision of individuals holding lands, but the government's decision that will determine the phasing and development of those lands. That is one of the very important tools in implementing the totality of the policy of going east and relieving the pressure on Metropolitan Toronto.

**Mr. Breagh:** I think you have just put your finger on the reason I have some grave doubts about the success of that project. I'll tell you, if we all go out five years from now and tour North Pickering and we see an Armstrong subdivision here at market value, a Wimpey subdivision over there at market

value, another over here, and we see, say, three allocated OHC units in the middle of all this, I think all of us are going to have to ask the question: Why in the world did we get involved in this thing?

We have strayed far, I think from the original concepts of influencing the market, providing sensible development for the area and providing a good industrial base for the region as well as for that particular community. I am just totally fearful that we are not going to achieve any of those desirable social aims which would have made all of this investment and time a worthwhile exercise. There is a grave danger of blowing all that. Somebody tell me I'm wrong.

**Mr. Grant:** When you are talking about five years, maybe that is what it looks like. When you are talking about a community of this size, in terms of trying to achieve this balance of jobs and housing, that is the sort of thing that doesn't happen in five years; it is a long-term thing.

**Mr. Breagh:** All right, 10 years or 20 years.

**Mr. Grant:** Maybe if you were talking in terms of 10 or 15 years, then you could go out there and see it. It's going to take that long to achieve. This is the experience everywhere.

**Mr. Breagh:** Tell me what will be the difference between the North Pickering project at that stage of its development and Meadowdale?

**Mr. Grant:** It will be significant if we can achieve the live-work relationship, because Meadowdale, Erin Mills and other new developments did not achieve a live-work relationship.

**Mr. Breagh:** And how are you going to do that?

**Mr. Grant:** Hopefully, by the controls and by the programs that are used in North Pickering.

**Mr. Breagh:** Let's leave that part. Having expressed my reservations, let me move to the other sticky part, as I would see it; that is, this whole thing of transportation—to tie it in with the airport, with light-rail transit, Krauss-Maffei or whatever.

**Hon. Mr. Rhodes:** Excuse me, Mr. Chairman, we aren't able to concentrate because of the conversations on the far side of the table.

(Laughter.)

**Hon. Mr. Rhodes:** He pulled the same thing on us a little earlier and I couldn't resist the opportunity.

**Mr. Breaugh:** There were some interesting questions asked in the House today about that transportation study. How does all of that fit into the wonderful exercise of North Pickering and the airport, light-rail transit, road transportation systems and all of that? And what safeguards have you that, in the end, the region of Durham wouldn't do to you what you did to the federal government: stop the roads? What is happening in that area?

I know there are all kinds of staff committees meeting and discussions under way, but as the Minister of Transportation and Communications (Mr. Snow) said today: "Those are not really public information sessions; they are"—I forget the term that he used. Everything turns out to be technical services; that's all that is stated. I would like to have some discussion about what is actually going on. Does anybody care to discuss that?

**Mr. Grant:** Mr. Chairman, in terms of rapid transit, the initial plans for North Pickering make provision for some sort of bus system. In the longer term the corporation's plan for development, subject to the approval of the municipalities, we are leaving rights of way open for future transportation modes. If this light-rail system does go through Scarborough, does go to the zoo, the airport does come on and there is a need for it to go to the airport, we will have made provision in the planning for it.

The arterial roads systems, on which all these transportation systems are based, is being studied now in conjunction with the staff of the region of Durham, the staff of Metropolitan Toronto, the staff of Scarborough and everybody else who is involved. Everybody is sort of aware.

I don't think the staff are going to put forward proposals to council without this awareness. They know what is going on and they know what the proposals are but, again, until we get down the road and we get something officially down on paper—

**Hon. Mr. Rhodes:** Mr. Breaugh has commented two or three times today about the concerns that the staff are doing this and that the council of the region or the political people involved are not having the opportunity to take part in all of these things.

My experience has been—and I'm darned sure Mr. Breaugh's has been the same because he has served on the municipal council—that the tendency among elected people always is to say: "That sounds like a lovely proposal; now, we'll refer it to our staff for a study and report." We can go through that exercise if you want us to trot on down to the regional

council and say: "Here's what we have got." They will go through the resolution, pass it on to their staff and wait for the report. All I have done is I have avoided that and said: "Go ahead, let the staffs work at it." I am sure Mr. Breaugh does the same thing right now. If something comes along that he finds of interest, he'll say: "Give it to the research people, tell them to dig up all the information and get it back to me, and I'll dump it on his lap next week."

**Mr. Breaugh:** But no one is talking very much about what is actually happening. Everybody is telling me there are technical studies under way, and this, that and the other thing; but nobody is really saying which technical studies. Could we be just a little more specific than that?

**Mr. Grant:** In respect to the arterial roads study and the transportation study?

**Mr. Breaugh:** Let's be sensible and talk about the light-rail transit thing for a minute. What in the world is happening there? They have a system now that can go around corners, I understand, which I am really impressed with.

**Mr. Grant:** And on wheels.

**Mr. Breaugh:** On wheels. I would much rather those people were driving Chevrolets, to tell the truth.

**Hon. Mr. Rhodes:** Gas-guzzling Chevrolets?

**Mr. Breaugh:** Oh we are producing very energy-conscious Chevrolets in Oshawa now.

**An hon. member:** Is that right?

**Mr. Breaugh:** A thimbleful a week.

**Mr. Wronski:** And they don't rust either.

**Mr. Breaugh:** Well, hardly.

**Hon. Mr. Rhodes:** They sit in the yard and become antiquies.

**Mr. Wronski:** Mr. Chairman, if I may, I would like at least to try to answer this question. Obviously, I think it behoves the planners at this stage of the game to provide rights of way for any type of mode which will be economically employed where the population of the community grows to a point where rapid transit is needed. That's all they can do at this stage.

In this kind of microscale—microscale in comparison with the totality of the Toronto-centred region, where rapid transit in the form of subways or light-rail transit is being employed—we cannot think in terms of North Pickering specifically as a unit. All we can do is provide all of the opportunities and leave the options open so that when the need arises we will not have to pull down houses to



strike new expressways, new roads or new rights of way.

This is being done at this moment, and it is being done on a technical level, as the minister mentioned, very specifically because we need the input of the local officials. We cannot do it in complete isolation.

What we are trying to do at this stage of the game—and it is still very unofficial, because we haven't got all the green lights to go—is to prepare only the background for the development of more detailed plans.

**Mr. Breaugh:** You know what bothers me: I think I understand the answer! I've been hanging around with planners too long.

**Hon. Mr. Rhodes:** That bothers me too. Would you please not be so clear, Mr. Wronski?

**Mr. Wronski:** Would you like me to speak Polish?

**Mr. Breaugh:** Everybody has been very nice about all of this, but nobody has told me what is happening, other than that you are leaving some spaces on the maps. Is anything else happening?

**Mr. Grant:** No, we have not gone forward to the region yet with any specific proposals, and until the proposals go forward nothing can happen.

**Mr. Breaugh:** What about this little committee that the Minister of Transportation and Communication (Mr. Snow) mentioned today? What is it, the southern Ontario transportation committee? Surely that must be interacting or interfacing with those things.

**Hon. Mr. Rhodes:** The committee to which Mr. Snow is referring is the one that was established between MTC and MOT. That came about to study all modes of transportation in southern Ontario—rail, air, bus and the whole bit. To the best of my knowledge, that committee is still going ahead. We are not part of that; it's between the two transportation ministries.

[4:30]

**Mr. Breaugh:** Wait a minute now. The North Pickering development project happens to be between a potential airport—let's use that term for now—and in certainly one of the most congested transportation areas in southern Ontario. I am sure that you have technical staff active with that particular group.

**Hon. Mr. Rhodes:** I don't want for a moment to attempt to answer on behalf of Mr. Snow. However, having been there for a brief while at the beginning of all this, when it was decided the airport would not go ahead,

one of the arguments that had been made by those who were in strong opposition to the airport was that the airport is not needed and that there are other modes of transportation to move people in and out of the Metropolitan Toronto area. They were talking about cars—some Chevrolets and some other makes not to be mentioned—

**Mr. Breaugh:** Pontiacs.

**Hon. Mr. Rhodes:** Some GM products and others.

**Mr. Breaugh:** I'm against the others.

**Hon. Mr. Rhodes:** Oh.

**Mr. Breaugh:** You can put on the record, if you want, that I'm against other products.

**Hon. Mr. Rhodes:** That would go over big in Windsor and Oakville.

At that time it was stated that probably rail could best handle transportation in and out of Metro Toronto within a range of a couple of hundred miles. There were those who were advocating, if you can believe it or not, the twinning of Highway 401 and arguing that we need another one of those. That would go over very well, I am sure, through the farming areas.

**Mr. Breaugh:** Earl Berger and the 407; it's a new rock group that was in business for about six months.

**Hon. Mr. Rhodes:** Well this was a group that wanted to twin the 401, I can tell you that much. They approached me about it.

There were all these other modes of transportation. The STOL transportation thing, the Island Airport and all of these things entered into this discussion as to reasons why the Pickering airport shouldn't go. Before anything was done to wipe out the holding of land in that area for airport purposes, the federal government asked if we would enter into this study with them, and we did. It wasn't specifically to move people from North Pickering to Toronto or from Oshawa to Toronto, it involved a broad area of southern Ontario, going out into eastern Ontario for that matter and into southwestern Ontario, to determine how people would be coming into the Metropolitan area, other than necessarily by air.

**Mr. Breaugh:** I take it, then, in terms of transportation policy that would be relative to the remainder of the region of Durham, you would be going, almost totally with transportation studies and works that are proposed in the regional official plan and will be further developed in the near future.

**Mr. Grant:** Again at the staff level we are working—



**Mr. Breaugh:** We all know where the power lies.

**Mr. Grant:** —with the transportation planning staff in the town of Pickering in the region of Durham and with the Ministry of Transportation and Communications. Everybody hopefully is working towards the same end.

**Mr. Breaugh:** In terms of developing a transportation policy then, most of what you have said infers that your focus will be from North Pickering to Metro, as opposed to something that might be more related to the remainder of Durham?

**Mr. Wronski:** No. As a matter of fact if you look at the development plan as it stands at the moment, or at the recommended plan as far as road connections are concerned, the emphasis is towards the regional centre, which is Whitby and Oshawa rather than Metropolitan Toronto. All the road connections, the system of arterial roads and the basic road system are directed towards the regional centre. Admittedly, there have to be road connections to Metropolitan Toronto, we cannot put a wall around Durham or North Pickering.

**Mr. Breaugh:** It is conceivable.

**Mr. Grant:** Conceivable, but not necessarily practical. The GM products have to get through sometime.

**Mr. Breaugh:** Oh, they will.

**Mr. Wronski:** The extension of roads, like Steeles Avenue, Finch, and so on, have to be carried through; they are part of the regional plan. The regional plan will dictate the basic road structure for the North Pickering community as well. The question of 407, where it goes and how it goes, also will have to be resolved in the content of the regional plan, not the North Pickering plan.

**Hon. Mr. Rhodes:** Keep in mind too that at the very beginning of all this the main thrust was to develop some sort of transportation facility that would get people from Malton to the Pickering airport. There were the highway requirements, plus the talk about a rapid transit system. There were all sorts of ideas about what sort of a system that might be; everything from short-hop aircraft to helicopters to light-rail to monorail to Highway 407.

**Mr. Breaugh:** Would it be reasonable to assume, then, that any kind of, as an example, light-rail transit system that you might be contemplating as an extension of the Scarborough line, would—because your focus would not be Scarborough, but instead would be the Oshawa-Whitby centre of the region

—would logically be extended in that direction as well?

**Mr. Grant:** Again in our planning we are making provision for that to happen. We won't make it happen, but we are making provision to allow it to happen.

**Mr. Breaugh:** It would strike me that one of the crucial policies you will have to develop is something that does put the focus of North Pickering on the region of Durham. I appreciate that is a difficult if not an impossible task. Certainly in terms of a development policy for North Pickering, if you get nothing but Toronto firms relocating in North Pickering and they are the types of firms that one sees now in Mississauga, as an example, I would like to hear how you intend to turn that focus around—away from Metro and focused on Durham. Does anyone have any response to what great schemes you have for that?

**Mr. Wronski:** I think the land itself is already an example of the shifting of emphasis, because from the development point of view if a development corporation were going to act as a prudent developer, they obviously would have continued the Scarborough development, that is develop immediately east of the Rouge Valley instead of going to the East Duffin Creek as we did.

As you know, there is a tremendous expanse of land which is going to be used for agricultural purposes—over 10,000 acres of it—dividing the urban development of Scarborough and the new community of North Pickering. That in itself is the indication of the shift toward the east. The usual thing would have been to develop it in the same manner as Mississauga developed after Etobicoke was filled in; yet this jump is occurring, this jump is planned.

The other item which is also a very strong indicator of our direction is the question of transportation. As I said before, all the transportation system, that is the regional transportation system, is basically oriented towards the regional centre. One of the propositions that will be put to the task force on the sub-region of Durham—which this ministry is involved in and which is working together with the region—one of the propositions concerns the question of further studies of the transit system for the region, which obviously North Pickering will be part of; and the transit system will be directed towards the regional centre rather than Metropolitan Toronto.

So in fact, what I am saying is that North Pickering is part and parcel of regional Dur-

ham and not just extension of Scarborough development.

**Mr. Breaugh:** I think I will leave my comments there, with one final remark: I think you would have to convince a lot of people in the region of Durham that North Pickering is part and parcel of the region of Durham. I don't think you have succeeded in that particular aspect of it.

**Mr. Chairman:** Mr. Hall.

**Mr. Hall:** Thank you, Mr. Chairman. I wonder if you would help me in outlining, Mr. Minister, the total amount of money you have put in North Pickering to date.

**Hon. Mr. Rhodes:** The last figure would be about \$235 million.

**Mr. Hall:** What else do we add to that?

**Mr. Grant:** About \$3 million to \$4 million for planning and administration.

**Mr. Wronski:** And that would include the maintenance of properties, which as you know are leased back and so on.

**Mr. Hall:** Your notes say that the Treasurer announced this project in 1972, to acquire 25,200 acres of land. Was the intention in 1972 to have 7,000 acres of developed land out of the 25,200-acre development?

**Hon. Mr. Rhodes:** No. It was to be much larger, because as you know at that time the airport was still alive and well. It was anticipated that a much larger area would be needed, both for residential and commercial development.

**Mr. Hall:** Really; then aside from the fact that the airport has been put in a holding pattern or what-have-you, have the population trends been a factor in reducing the size of the thinking here, or is it just the airport?

**Mr. Grant:** Mr. Chairman, there was a public planning process devised for the North Pickering development and that went through a number of stages. As a result of that public planning process two things happened. One, there was a strong public desire for a smaller community; and secondly there was a strong public expression to preserve agricultural land. I think those two expressions, coupled with the airport, resulted in the government's decision to confine the development at this stage to the 7,000 acres east of West Duffin Creek.

**Mr. Hall:** So really the problem you're wrestling with, it seems to me, is the fact that the ball game has changed since the original policy was developed. It's just an impression that I'm exploring here, I am not being critical of you, but I've observed you people for three or four estimates now

and you're usually more clearcut than you seem to be on this line of questioning. I think you're hung up because the whole thing has backed up on you. That's my impression. Am I wrong on this?

**Hon. Mr. Rhodes:** I think it's fair to say that certainly the ball game has changed since 1972. A number of things have changed; not the least of which was that airport decision, that certainly changed the whole approach out there.

There's one other aspect of the thing that changed considerably too, Mr. Wronski perhaps can respond better than I on this one, because it occurred quite early in the game when the federal government had originally been going to be involved financially as far as servicing was concerned, as part of the agreement on this, and that suddenly went by the wayside. That certainly didn't help us any in trying to get that particular project going. So, yes the rules of the game have changed considerably in the last five years.

Let me just add that the approach the Durham region has taken—and I'm not faulting them for this, but it's one of the factors—Durham region's approach, that this be a study area and not a development area, has again changed part of the rules.

**Mr. Hall:** When was Durham region incorporated by law?

**Hon. Mr. Rhodes:** In 1974.

**Mr. Hall:** So it was well in advance of Durham region that the land was acquired in the first place.

**Hon. Mr. Rhodes:** Oh, yes.

**Mr. Hall:** I don't quite see how you can say that Durham region didn't do quite what you expected when you had already made the purchases two years before that time.

**Hon. Mr. Rhodes:** The purchase of the land was in the process of being completed when the region started to develop its official plan, and one of things that was stated was that this particular land would be covered in the official plan. Even though aware that it was desirable that it would be a development area, from the province's point of view, the region saw fit to designate it as a study area. So that's changed the rules some too.

**Mr. Hall:** With all respect, Mr. Minister, knowing a little about how government planners and regional planners sometimes disagree, there was certainly no final hesitancy in Niagara to tell the region where to go and what to do with its plan it seems to me, and that was where you didn't even have your money in it. Here's a situation where you've got \$240 million of the province's



money in it, and you try to pretend to me that you're not going to call the shots there and the region is. I find that very hard to believe.

**Hon. Mr. Rhodes:** I will repeat what I said earlier: I find it most desirable that the area that is **now shown** as a study area be a development area. There are two ways of approaching that. One is for the minister to state that it **shall be**, by a modification of the official plan. The other is to negotiate with the region in hopes that they will see the advantages to be gained by having that designated as a development area.

If you want to relate it to the Niagara region—let's be brutally fair about it all, Mr. Hall—when the Niagara region originally submitted their boundaries to the province they were sent back and the region was told "You've got too much inside your urban boundaries. Reduce them." The Niagara region in their great wisdom reduced them very little. That put the ball back in the province's court to make the decision. They were given every opportunity to make the decision on their own. If they saw fit to put it back into our laps for us to make it, we made it.

[4:45]

**Mr. Hall:** Let's stick on that line of dialogue for a moment, because it may be crucial to how you deal with Durham. In fairness to the Niagara region, you did not say how much to cut; you did not say how high to jump and you did not offer funds for overservicing at the outset. You did not offer funds to direct development away from those lands.

**Hon. Mr. Rhodes:** Let's just pursue that for a moment.

**Mr. Hall:** The circumstances were a little bit different in the planning that they were honestly trying to do.

**Hon. Mr. Rhodes:** Let's pursue that for a moment because I know you have a great knowledge of what is going on in the Niagara region.

**Mr. Hall:** No, I have a lot to learn.

**Hon. Mr. Rhodes:** I think you do have a good knowledge of what's going on down there; I'm not being facetious, I think I'm being accurate. You would be hard pressed to find, anywhere in the discussions that went on, at the time the Niagara region was producing its official plan and at the time they were establishing urban boundaries, where they at any time requested the provincial government for assistance on their oversizing of services and what have you if

there was any redirection of growth. They just didn't look at it that way. They jumped on that, I would say to you, as soon as I announced what the new boundaries were. They immediately said if you'd have told us this in the first place we might not have done what we did.

**Mr. Hall:** I may be subject to correction, but I believe I've seen in print that one of the questions Alan Veale directed to your ministry officials was whether there would be funds forthcoming for oversizing if those municipalities were cut back. I thought I saw that in print.

**Hon. Mr. Rhodes:** You may have seen that in print after I made the announcement as to what the urban boundaries were.

**Mr. Hall:** No, in the dialogue of questions months before you made your announcement.

**Hon. Mr. Rhodes:** I stand to be corrected.

**Mr. Hall:** So do I, if that's the case. But I understood that it was a legitimate question put and not answered at that time, not until after February 17, when you then said, as part of the cabinet announcement, that money would be forthcoming.

**Hon. Mr. Rhodes:** Can we get back to North Pickering?

**Mr. Hall:** Yes, that's beside the point. But the point is that obviously it would seem to me you have a very strong vested interest in what happens here, far more than you do in other areas. Your interest in Niagara was of a different nature. You were responding to your view of public opinion, I suspect, but here there is not only that but you've got a sizable investment.

**Hon. Mr. Rhodes:** I don't want to get into a prolonged argument with you, we can probably sit here and throw veiled insults at each other for the rest of the afternoon, however—

**Mr. Hall:** I don't mean to do that.

**Hon. Mr. Rhodes:** —I would say to you, with the greatest respect, that you say I responded to what I interpreted to be public opinion.

**Mr. Hall:** Not you personally.

**Hon. Mr. Rhodes:** I have to accept that because I'm the minister, I can't duck it. I would suggest to you that you take some time and discuss with some of your colleagues in your caucus what their positions and opinions are as related to the same issue.

**Mr. Hall:** There's been discussion, and there continues to be discussion too in Niagara, of course.



As for the agricultural capability of the land, I notice that you're saying a certain acreage is kept for open space and a certain acreage will now be kept in agriculture. What about the land you're using? What's the agricultural capability there in terms of soil classification or present land use or what have you?

**Mr. Grant:** The northern part of the urban site was, if memory serves me, class one agricultural land, but the majority of the southern part, or the majority of the site, was not as good as the area west of East Duffin Creek which is being preserved in agriculture.

**Hon. Mr. Rhodes:** Excuse me. I would like you to be more specific even if Mr. Hall wouldn't. Not as good means what?

**Mr. Hall:** That was my next question.

**Hon. Mr. Rhodes:** What was its classification? Do you know?

**Mr. Grant:** Some of it was agriculture three and four. It's all gravel pits and things like that.

**Mr. Hall:** Doesn't your guideline for food land suggest that for anything deemed agricultural, you'll have to prove another use up to category four in soil classification? I'm just wrestling with the problem. A decision was made in 1972 and a lot of rules have changed since that time. I'm just trying to look ahead and understand how you're facing up to them.

First of all, a community of 7,000 acres with 20,000 to 22,000 units is not going to have the effect on affordable housing that the much larger project would have had. It seems to me you're having to make do with the best in the circumstances in altering a plan.

Just where, in your view, does the airport situation rest? Has this come alive at all?

**Hon. Mr. Rhodes:** To the best of my knowledge, the airport situation hasn't changed, subject to whatever this particular report will be as it relates to the study that is going on between the two transportation ministries. As I sit here now, the situation is that the airport is a "no go" at this stage.

**Mr. Hall:** There has been no new information on it?

**Hon. Mr. Rhodes:** Not to my knowledge. I would think that with the experience Mr. Lang and company are having with Mirabel, he might not want another one at Pickering.

**Mr. Hall:** On the whole servicing complex—which would have at one time served a much larger North Pickering development

and this Pickering airport—how does the economies of that work out? Will the services still go ahead and who will pay for those? Or will there have to be feeder development all the way up before the North Pickering development will finally achieve economic viability?

**Mr. Wronski:** The major trunk, which is the central York trunk, happened to go through the North Pickering site. Therefore, anything required will be subtrunks, actually leading to the opening up of the residential areas. Whether North Pickering develops or not, the trunk line will be there.

**Mr. Hall:** Water and storm, no problems?

**Mr. Wronski:** That obviously will have to be brought from the Pickering system which is practically on the boundary of the community now.

**Mr. Hall:** In connection with the North Pickering development and the Pickering airport then, what services did the Ontario government decline to provide the federal government?

**Hon. Mr. Rhodes:** Primarily it was transportation routes. We were going to be faced with a very substantial expenditure on providing just the road access to that airport, which in the long-term planning of MTC was probably going to push that road development ahead by 10 to 15 years before it would be required; that was going to compact the whole thing and bring in a major expenditure very early in the game.

**Mr. Hall:** You will get along with fewer roads now, and over a longer time-frame? Is this what you are saying? Or do you hope that the region will develop some of the roads?

**Hon. Mr. Rhodes:** No, I think we would be developing—particularly we were talking about the 407?

**Mr. Wronski:** Yes, the 407 and the east of Metro expressway, the connection between 407 and 401.

**Hon. Mr. Rhodes:** Those two were the ones which long-range planning of the Ministry of Transportation and Communications showed as being required 15 or more years down the road. If the airport was to be developed, those facilities would have to be developed much, much earlier; consequently, a very substantial expenditure was going to be required; plus the fact that there was talk about some sort of rapid transit facility out there too.

**Mr. Hall:** But that is not as pre-eminent when you are reducing the population drastically.

**Hon. Mr. Rhodes:** Well you are not going to need as much capacity; I should think you could certainly plan it over a longer period of time and your expenditures are spread out.

**Mr. Hall:** It's an interesting study in planning for you, I am sure. Every area seems to want industrial assistance and growth, to have a balanced picture. Is the Oshawa area a depressed employment area, percentage-wise, relative to the province—aside from its basic 5.3 or whatever?

**Hon. Mr. Rhodes:** I think Oshawa has probably faced the same sort of problem as any area in Ontario, and that is that it has primarily one major industry. I wouldn't say they are any worse off than anyone else, but they are certainly no better off, either.

**Mr. Hall:** Mr. Wronski said that money had been put in to stimulate the area's industrial development before the North Pickering Development Corporation itself got under way. Is there anything unusual about this, vis-à-vis any other area of the province?

**Hon. Mr. Rhodes:** Not unusual, except for the fact that we have indicated, as a policy of government, that we want to see growth going east of Metropolitan Toronto.

**Mr. Hall:** You meant farther east than that, though, didn't you?

**Hon. Mr. Rhodes:** We mean east of east of Metro.

**Mr. Hall:** I know you don't care how much farther east.

**Hon. Mr. Rhodes:** We're saying east of Metropolitan Toronto, and I think you would agree with me that geographically Oshawa is east of Toronto. The growth that has been experienced to the west of Toronto has been substantial; it has caused some problems.

It came about, I think, as a result of the big pipe that went out there. We feel, as the government, that we want to see growth going to the east of Toronto, and to see some of the development pressures taken off Metropolitan Toronto itself. I think everyone agrees some of that should be taken away. Right now it's pretty hard to tell where Metropolitan Toronto stops and the rest of the world begins if you are going west; you know it's practically wall-to-wall municipality right through to Niagara. But this way, we can have growth starting from the Oshawa area and to the east of Oshawa.

**Mr. Hall:** I would be disturbed if I felt you were particularly putting money into that to make the North Pickering development look good because it's your ownership.

**Hon. Mr. Rhodes:** No, I think you are reading into that something that isn't there. I am satisfied in my mind that if the North Pickering project wasn't there, we would still be going ahead to encourage development to the east of Toronto, certainly in the Oshawa area and east of Oshawa.

**Mr. Hall:** Mind you, there is a large area of the province that is east of Oshawa. Mike doesn't know it, but there is a considerable—

**Hon. Mr. Rhodes:** Certainly, and we recognize that as well.

We have made two moves into the Kingston area. The federal government has made a move into the Belleville area. Belleville, over the last number of years, has indicated an attraction to development as well, so anything we can do to encourage that, we think, is beneficial.

**Mr. Hall:** What is the current time-frame for development of what you are now planning to do?

**Hon. Mr. Rhodes:** The time-frame?

**Mr. Hall:** Well we're here to talk time specifically, aren't we?

**Mr. Wronski:** It is very difficult indeed for us to answer, because as we outlined there are several problems facing us. There's the resolution of the regional plan to start with. Second, there is the question of the form the development will take, the actual technique of development. Those are the questions the government and the corporation, as well as the region, are at the moment considering.

Once those are resolved, I don't think there is any further obstacle, apart from the physical delivery of services. The big pipe—no matter what colour—would reach the North Pickering boundary by about 1980-81. Without some temporary servicing, this may mean delays; but of course temporary servicing could be done in development and if everything is resolved by that time we could start ahead of that date.

**Mr. Hall:** You are going to require 40 people on the staff of this corporation, waiting all that time for things to happen?

**Mr. Grant:** We've got 25 on staff at this moment, and we are not going to fill any of the vacancies until something happens. But there is a lot more planning work yet to be done.

**Mr. Hall:** Your numbers are usually more straightforward than those you are giving us here as to the number on staff. The paper you gave us showed us one figure, and then you said well that isn't really the case.



Now you have dropped it down from 34 to 25.

**Hon. Mr. Rhodes:** You are talking about the number of persons on staff. There's more to that particular project than just a planning process. I am sure you have read the odd item in the paper; we do have some discussion going on with people about other aspects of that development, not the least of which has been the hamlet situation, the concerns that have been expressed by people out in the area as to how they are going to preserve certain of the historical buildings out there. We do have some leasing situations and rentals going on; and all of this requires staff.

[5:00]

**Mr. Hall:** They are all not on contract out there; they are not agents in the field or private real estate agents or anything like that?

**Hon. Mr. Rhodes:** They are our staff people.

**Mr. Hall:** Are any of these staff people involved in the inquiry that is going on?

**Hon. Mr. Rhodes:** I don't know whether we have staff people involved in the inquiry.

**Mr. Grant:** Not directly.

**Hon. Mr. Rhodes:** No, they are not working on that inquiry.

**Mr. Hall:** As a result of that inquiry, is there any question as to clear title to the land by the government? That is not in dispute at all?

**Hon. Mr. Rhodes:** No, I don't think that is in dispute. As I understand it, the only thing that is in dispute is how many dollars people received for their property.

**Mr. Ashe:** Some of them got too much.

**Mr. Hall:** In 1981 the pipe will be there, according to Mr. Wronski. Up until that time it is very hard to tell us right now just when development will take place. Is this true?

**Mr. Wronski:** As I said, development could take place before the pipe is in and the sewage disposal plant is operational. There are ways of temporary servicing. As you know, there are plants already in existence servicing the existing town of Pickering which can be hooked in temporarily in the same way as the area north of Steeles Avenue is being temporarily hooked into Metro right now in anticipation of the big pipe going up north of Steeles Avenue.

**Mr. Hall:** Are you saying, Mr. Wronski, that everything will be synchronized, road development and other facilities, so that pos-

sibly prior to 1981 actual development will take place.

**Mr. Wronski:** If everything else is resolved, if the region gives its blessing; yes, I would say that everything will be done as far as planning and preparation for work are concerned.

**Mr. Hall:** Did you say today that if the region doesn't give its blessing nothing will happen there?

**Mr. Wronski:** I am saying that there will probably be further discussions with the region; therefore the development may be delayed.

**Mr. Hall:** Along with the member for Oshawa (Mr. Breagh), I would think if it is such a concern there should be more ongoing discussions with the region; I find it hard to understand too. We didn't really get to the bottom line on that in the earlier round.

**Mr. Breagh:** Is it because you haven't been that cordially received at the regional council?

**Hon. Mr. Rhodes:** My goodness, I have had no difficulty in being cordially received by the regional council.

**Mr. Ashe:** Every time you bring a cheque.

**Hon. Mr. Rhodes:** Which has been with some degree of regularity and which shows our commitment to doing things for the Durham region.

**Mr. Breagh:** To putting them in the hole, yes.

**Hon. Mr. Rhodes:** No. I would suggest that present and past members of council down there did a pretty fair job on that; some of them are now in the Legislature.

**Mr. Breagh:** We try to compete. George Ashe did that. I didn't do that.

**Hon. Mr. Rhodes:** George? No, George is the most controlled individual of the group.

**Mr. Breagh:** For very good reason.

**Hon. Mr. Rhodes:** The discussions we have had with the region have been cordial. They have been firm in their position up until now. We are just going to continue to attempt to show them where this whole thing can work and not be to the detriment of the region.

I think Mr. Breagh mentioned earlier that we have a selling job to do on that. I am not going to deny that. As he mentioned earlier as well, if we can do that selling job, a lot of the opposition to that proposal would disappear. That is our job.



**Mr. Hall:** You have been questioned— I was going to say criticized, but I think questioned is probably a fairer statement—about charging \$33,000 a lot in Malvern for land that cost X number of dollars some years ago. The government is incurring a substantial interest cost year by year on this \$240 million you now have invested there, yet you are not adding on your costs because the government doesn't do things in this way. Are you, in effect, capitalizing costs as you go along?

**Hon. Mr. Rhodes:** Yes.

**Mr. Hall:** I think you said \$235 million was land acquisition and \$4 million was subsequent planning and administration. The \$235 million includes all interest to date?

**Hon. Mr. Rhodes:** Yes.

**Mr. Hall:** What does that represent in total then, because it was given to me originally as land acquisition costs? How much, so far, has this amounted to? What was the original land acquisition cost?

**Hon. Mr. Rhodes:** The price of the land was \$180 million to \$190 million.

**Mr. Hall:** So \$45 million to \$55 million has been incurred in interest, and I suppose taxes to the municipality? Is there any tax levied on the property in government ownership?

**Hon. Mr. Rhodes:** We pay taxes on it.

**Mr. Wronski:** We pay full taxes.

**Mr. Hall:** As a development corporation you're paying taxes?

**Mr. Wronski:** Those are grants in lieu but to the amount of full taxes. There is some small return, because as the committee is fully aware we are leasing out, specifically agricultural properties. Those are nominal charges which are established by the Ministry of Agriculture and Food in order to stimulate good agricultural production. As a matter of fact, we've got 4,000 acres more in agriculture now than before the land was acquired.

**Mr. Hall:** And these lands are leased out, Mr. Wronski?

**Mr. Wronski:** Yes, those are leases.

**Mr. Hall:** What's the term of the lease?

**Mr. Grant:** They vary. In the designated agricultural area they're five-year renewable, but with sort of a 15-year period understood. In the urban area they're staged according to what we figure development will be.

**Mr. Hall:** I'm glad to hear they're long enough leases to permit good agricultural

practice and fertilization because in certain ministries the leases are too short to make it worthwhile for a farmer to actually go on the land and make improvements, not in North Pickering but in other areas. That covers my questions.

**Mr. Ashe:** I share some of the concerns of Mr. Hall in the context of the investment that has been made, and continues to be made here, versus when it is going to get off the ground. There's no doubt in my mind there's going to be, there has been and will continue to be, constant conflict.

Just to give it a little perspective: As the minister of course knows, I was mayor of the municipality where North Pickering is located until some couple of weeks ago. I've been involved in the regional council of Durham since its inception until a couple of weeks ago.

It's my opinion right up to now, it has been right along and I've expressed it before, that the region of Durham council will never approve the North Pickering Development Corporation in any form. I think the sooner that is recognized the faster the job can be done.

I might say that this reaction is prompted principally by representatives from the city of Oshawa, obviously joined by a few others; and it only takes a very few others to make a majority of the regional council. So again, there is conflict.

**Mr. Breaugh** and some other members of his caucus would suggest the way you do things is to do everything en masse and bring down prices. Again it's the same people who will oppose that, because it might have a detrimental effect on development in Oshawa. That holds true whether it be industrial, commercial or residential. That has to be respected too.

I really think if the government is ever going to get its investment out it's going to have to get on with the job itself. I might say, again from my experience as the mayor of Pickering, that the association of the municipality with the development corporation and its predecessor was much better, for example, in general association, collecting taxes and grants in lieu and so on, than that municipality's experience with the federal government on the site immediately north known as the proposed airport site, where there has been constant wrangling, with constant arrears and threats and what have you. The municipality has had a very favourable association with the province in that regard.

Another conflict that's going to be run into has been expressed rather diversely by Mr. Wronski and the minister in terms of the development concept, assuming it ever does get going, in that the houses will come first and the industry some time later. That will be in direct conflict with the development policy of the town of Pickering, because they don't enter into development agreements unless they go practically hand in hand. If the development corporation is going to be treated like Runnymede or Bramalea, to use the names that we used before, they'll have to do the staging of industrial components as the other developments do. Again, that will be in direct conflict with what is wanted out in the Oshawa area.

It's unfortunate, but at some point in time there is no doubt going to have to be ministerial interference or an interjection into the process.

I think the initial process of public involvement was a good one. That has already been acknowledged in the substantial change in direction of the original size of the community and what have you. That came about because of public involvement and probably for no other principal reason. I don't share the concerns of Mr. Breaugh that public participation has been lacking. To the extent that it was a broad-brush policy that was finally adopted, or a plan or recommended plan that was adopted, I think it had more than sufficient public involvement.

My personal opinion—and I have to think this is probably shared at least by the local council, albeit probably not the regional council—is that when the ultimate development does take place, it would be by something like a consortium. Whether it does or doesn't directly involve the government remains to be seen; probably it should, to make sure they are equitably recompensed for their investment, I suppose. But as to some of the professional developers and/or builders—that's exactly what they are and probably why they are where they are—I think we should take advantage of their expertise when we get to that point.

It really does bother me that there is this amount of money sitting there, and obviously will continue to sit there while we are trying to please everybody, but with the full knowledge—and I think, deep down, Mike knows it; the minister knows it, I know it and I'm sure Mr. Wronski knows it, as does anyone else who has been involved in the process—with full knowledge that the problems and the differences will never be resolved between what the region figures should

go there—which is probably nothing—and what the province has already indicated by policy will go there, which is substantially agreed to by the local municipality, as long as the development takes place within guidelines that apply to other developers who develop within the town of Pickering.

Last but not least, the main conflict again is the fact that some regional councillors fail to see beyond their own municipal boundaries in terms of "Well, if something goes there, it won't benefit me," and what have you. This again will just add to the planning conflict that does exist. But as was indicated before, now that there are more representations on the government side from that area, maybe we can equitably move on in a more progressive way.

**Mr. Chairman:** Does vote 2106 carry?

**Mr. Bolan:** I have a few questions, Mr. Chairman. In order to get a proper handle on this, going slightly back in history here, I'd like to ask a few questions about the creation of what appears to be a monster.

This whole scheme, as I understand it, came about around 1972. Is that right?

**Hon. Mr. Rhodes:** That's correct.

**Mr. Bolan:** And I take it this was done in conjunction with the federal government's plans for the Pickering airport. Is that right? Or was it something that was undertaken by the province on its own?

**Hon. Mr. Rhodes:** There was a proposal at the time that the government of Ontario was looking at the development of a community out in the area, aside from the fact that an airport might be developed there.

**Mr. Bolan:** I see.

**Hon. Mr. Rhodes:** With the advent of the airport, it changed the size and the location of that plan.

[5:15]

**Mr. Bolan:** I take it from what you say, Mr. Minister, that before the federal government announced its plans for the airport, the decision to proceed with this plan had already been made. Is that right? Which came first? Was it the provincial government's decision to create this new townsite or was it the federal government's decision to create the airport?

**Hon. Mr. Rhodes:** Originally there was the Toronto-centred region plan, which came out in 1970. At that time there were four new communities proposed to be developed east of Metropolitan Toronto. One of them was a place called Cedarwood—that was going to be the name of it—and that



was the community that was proposed to go into that area which we now affectionately refer to as North Pickering. It was following that, that the decision of the federal government to put an airport into that area came on.

**Mr. Bolan:** I see. At what time would the province have started to acquire the land in that area?

**Hon. Mr. Rhodes:** In 1972.

**Mr. Bolan:** And it acquired land over how many years? How long did it take to acquire all this? Over two years?

**Hon. Mr. Rhodes:** Let me put it this way: From 1972 through to early 1974, negotiations went on with the various land owners and purchases were made. Then a plan of expropriation was put on in February 1974.

**Mr. Bolan:** These were the purchases which would then total between \$180 million and \$190 million?

**Hon. Mr. Rhodes:** That is the figure for the total acquisition, yes.

**Mr. Bolan:** When did the actual planning for that area start?

**Mr. Grant:** It commenced in late 1972 with a consortium of consultants, and that led to the development of the recommended plan, which was presented to the ministry in August 1975.

**Mr. Bolan:** That is when the North Pickering Development Corporation was created.

**Mr. Grant:** Right.

**Mr. Bolan:** The question has been asked by two other members, and I will ask the question again: Where do we stand right now as far as the progress of that development is concerned? Where are we today? What stage are we at?

**Mr. Grant:** We are at the stage where I think the planning that was done up to August 1975 has had some redefinition to reflect what has happened since that plan was originally conceived, both in terms of the general economic conditions in the province and in particular in respect to what is happening in the region of Durham.

On the other side, the corporation is engaged in sorting out its role and its relationship with the government and with the way in which the development will occur. But those things have not yet been finalized, and until these things are finalized and until the relationship to the regional official plan is finalized, then the plan for development of the corporation cannot go forward.

**Mr. Bolan:** What you are really saying is that there has been no planning done in terms of what is to be done with that land.

**Mr. Grant:** There has been a great deal of planning done but nothing has been formally approved.

**Mr. Bolan:** Tell me what has been done as far as the planning for that land is concerned.

**Mr. Grant:** We now have a draft—and I have to use the word “draft,” because it has not been officially approved—a draft plan for development of the corporation, which is a statement of the policies that the corporation will follow; it’s like an official plan.

We have done some secondary planning; which is the planning of the proposed first stage of the development; that is, the services planning. For the last six months we have been engaged in an arterial road study which is defining the road allowances, the road gradients and all those things that will make those roads a reality—and here we have been working in conjunction with the region of Durham, the Ministry of Transportation and Metropolitan Toronto and everybody else who is affected.

We have done financial impact studies to show the effects of the development on the regional municipality, on the town of Pickering and on the school board. We’ve done a lot of work in the back room, but until such time as we go forward with a formal amendment to the official plan it’s not in the public domain.

**Mr. Bolan:** What’s preventing you from going ahead with the formal amendment to the official plan? In other words if all of this so-called planning has been done, why do we have to wait until 1980-81 before we can actually put the plan into effect?

**Hon. Mr. Rhodes:** We said we could do it earlier. As far as the amendment to the official plan is concerned, that official plan is now in the Ministry of Housing. As I indicated earlier, we would like to see the plan amended or altered to include that particular area as a development area as opposed to it being a study area. Whether or not we ask for an amendment to the official plan or are given the amendment to the official plan, it may well be, as Mr. Ashe has indicated, that the minister may very well have to make a modification to the plan and make it a development area.

**Mr. Bolan:** Yes. You also indicated, Mr. Minister, that you wanted to have discussions with the council of that region so that possibly people can agree on things, rather



than imposing your ministerial authority to proceed with the development regardless of what any council might say. Because once you've invested this amount of money, let's face it you're going ahead with the plan regardless of what the council might say.

At what stage are you in your consultations with the councils?

**Hon. Mr. Rhodes:** I've had discussions, not with the entire council but with the planning committee of that council, and I've expressed my concerns about what is happening. I'm assuming that committee, in its usual reporting role, will have conveyed those thoughts to the council.

**Mr. Bolan:** How long does the minister intend to wait for council to make its decision before exercising his own ministerial discretion?

**Hon. Mr. Rhodes:** I think it's a little early in the game to suddenly put the arm on them. I would much prefer to give them the opportunity to consider what is desirable from my point of view and whether they can see their way clear to do this. I'm not going to tell you it's a week or two weeks, but I would like to give them an opportunity to look at it in a more realistic way, as I see it.

**Mr. Bolan:** I can appreciate that, and I understand your concern in that respect. But my concern is that we have an investment of \$200 million and from what I understand, we're not going to start realizing on that investment, or getting some of it back, until about 1980. Is there any way the mechanism can be speeded up to start getting our money back out of it? This is why I say, how long do we have to wait before you exercise your ministerial discretion if you can't agree with the local council on what should be done as far as the plan is concerned?

**Hon. Mr. Rhodes:** Again, I'm not going to put a time limit on it. I'm not going to tell you that it's going to be done within a certain time-frame. I'm carrying on my discussions with them.

**Mr. Hall:** It's pretty expensive to have this interest meter running and not use it.

**Mr. Bolan:** It's \$20 million a year on interest alone, just taking the rough figure of 10 per cent on the investment. In any event, I understand your answer, although I might not necessarily agree with it.

Does the North Pickering Development Corporation intend to finance the purchasing of these various lots which eventually will be put up for sale? In other words, are you

going to get into the mortgage business? If somebody comes along and wants to build a house are you going to put up the financing?

**Hon. Mr. Rhodes:** The corporation will not do that, no.

**Mr. Bolan:** Is there any other government agency which plans on doing that? Have you looked into that or have you considered that?

**Hon. Mr. Rhodes:** It depends on the type of housing that's going to go into the area. If Ontario Housing Corporation developments go in then there would be Central Mortgage and Housing funding through that avenue. If we go into any of the various housing programs, there would possibly be some Central Mortgage and Housing financing, but there would also possibly be some from Ontario Mortgage Corporation and private lenders. I would hope that it would be mostly private lenders.

**Mr. Bolan:** Just one or two final questions: There has been mention that some of this land which is now owned by the corporation is being leased. Do you have a figure on how much return we're getting from these leases?

**Hon. Mr. Rhodes:** On the agricultural land approximately \$1 million a year from leasing.

**Mr. Bolan:** Those are all the questions I have.

**Mr. Chairman:** Will vote 2106 carry?

Vote 2106 agreed to.

**Mr. Chairman:** That, I believe, completes the estimates of the Ministry of Housing.

**Mr. Hall:** Wait now. What about vote 2107? Why did you take the votes out of order?

**Hon. Mr. Rhodes:** As you know, the home buyers thing from my ministry's point of view, is nothing but a funding agency. I had Mr. Peter Lam from the Ministry of Revenue here. I asked the committee's permission to proceed with that first while he was here so he could answer the questions as they related to what was happening in that area. He came up, sat down, but there were no questions. Somebody suggested the vote carry and it was carried.

**Mr. Breaugh:** If that turns out to be a tradition of the Chair, to allow a vote like that to carry without either opposition critic in place, I think you can look forward to a very long summer.

It is normal procedure in any of the committees that I've ever attended that both opposition critics are given an opportunity to be present before the meeting starts and to

make comments in the order of official opposition and the third party.

**Mr. Chairman:** I think in these same estimates that we did this. We advanced a vote and carried it while you were in attendance.

**Mr. Breaugh:** That's a somewhat different matter. But I'd like to point out that the committees very often sit and wait for the minister to arrive while he does a press conference or attends to the business of the government. That same courtesy is always extended to other members of the House in their capacities as critics. It's a different matter when there are people who are floating in and out, but the two critics in other committees that I've attended are given the courtesy of being here before the votes are called, and they extend the same courtesy to the minister.

**Mr. Chairman:** Are you suggesting that we not call a quorum until the two critics are here?

**Mr. Breaugh:** I'm saying that you could call quorums any time you want. That's certainly the game if you want to play it that way but there are going to be some very funny calls when the minister is held up.

**Hon. Mr. Rhodes:** I'm quite prepared to be here—

**Mr. Breaugh:** I have no objection, by the way. I'm just pointing that out.

**Hon. Mr. Rhodes:** If you want to open the issue and start discussing it now I'm prepared to do so, but I can tell you now that there are a number of things in this area on which I can't answer.

**Mr. Breaugh:** Sure.

**Hon. Mr. Rhodes:** I would have to have somebody here from the Ministry of Revenue.

**Mr. Chairman:** Mr. Hall, would you like to ask some questions of the minister?

**Mr. Hall:** They're only in the nature of review; and a bit of questioning as to the drop in the numbers; and why people didn't make the application for the second \$250 grant, and why your estimate for the third \$250 grant drops down still less than the numbers. Just to give some feeling as to why you estimate this and why it worked out that way; and of course the question of whether this was part of the audit request that was made, whether that had an effect on people not asking for more money. Just things of that nature.

**Hon. Mr. Rhodes:** Mr. Hall, as far as the audit is concerned, it's something I couldn't answer for you; and I don't think my staff can, that would have to come from Revenue.

**Mr. Hall:** I appreciate that with regard to the audit factors, but it is in your estimate and an expense for audit is in there. You are forecasting how many people are going to ask for the tertiary grant, you say in 1977-78 you expect 78,000 to ask for a \$250 grant.

**Hon. Mr. Rhodes:** Those figures simply come from Revenue. It appears in my estimates because at the beginning, when the programme started, we were the funding agency.

**Mr. Hall:** Right, I understand that.

**Hon. Mr. Rhodes:** But the total administration for the project is in Revenue. It shouldn't be that way, but that's how it is. I regret that you feel that you were slighted, I certainly didn't mean to.

[5:30]

**Mr. Breaugh:** What was the quorum count when that vote was taken?

**Hon. Mr. Rhodes:** Four, five, six or seven.

**Mr. Breaugh:** I didn't ask how many you thought were here. What was the actual number of bona fide members of this committee who were present in this room and voted for or against that particular vote?

**Mr. Chairman:** We can't answer that, the same as we can't answer how many were here when the final vote was taken.

**Mr. Breaugh:** It's fine when there's three-party agreement to see a quorum, or when you see a quorum for purposes of discussion, but I do think it's a little dicey to start calling votes without a quorum being present. I understand everybody wants to take off and you want to proceed with things, but I think the courtesy should always be extended to the critics.

**Mr. Hall:** I didn't realize you functioned that way, Mr. Chairman. Yesterday Mr. Rhodes was a little late. He was held up in the fog getting out of Sault Ste. Marie, that is a fact.

**Hon. Mr. Rhodes:** I beg to draw to your attention, with the greatest respect, that I was here when 3:30 arrived. I was here sitting in this chair. I don't really want to be getting into this. It's a small thing.

**Mr. Hall:** I know it's a small thing.

**Hon. Mr. Rhodes:** But I have been sitting in this chair waiting on each occasion that my estimates have been here in this room.

**Mr. Hall:** I'm not too up tight about it.

**Hon. Mr. Rhodes:** I'm not suggesting you are. If we are going to get into that sort of thing—and I agree with you that we shouldn't—

**Mr. Breaugh:** That's right. We shouldn't.

**Hon. Mr. Rhodes:** If you wish to reopen that particular issue, I would be happy to return tomorrow or whatever day it is and deal with it.

**Mr. Hall:** No.

**Hon. Mr. Rhodes:** But I'll have to bring the Ministry of Revenue person here. Let me also point out to you—and I'm speaking only from my own point of view—I have not had any quarrel with either of you gentlemen as critics, or any member of the committee who wished to revert to a particular vote that had already been passed so that one of your colleagues could discuss the contents of it. If we want to play the rules very hard and fast, gentlemen, I agree.

**Mr. Breaugh:** Nor did we quarrel when you asked for a change in order because one of your staff members was going away for the day.

**Hon. Mr. Rhodes:** I agree. It's been a two-way street. But if we want to play the game of starting on one and going through them from now on in full and complete detail and no reverting back, you've got an agreement from me.

**Mr. Hall:** I think you've got to appreciate that as the critics we take our responsibilities more seriously than some members who come in and out and are just assigned to the committee. It undercuts us a little bit if we

didn't understand what the circumstances were. I was just generally surprised that the vote had been passed. I wasn't aware of it.

**Hon. Mr. Rhodes:** I am prepared to return to that particular vote if it is agreeable.

**Mr. Breaugh:** I have no major comments to make on that nor have any other members of the caucus.

**Hon. Mr. Rhodes:** I'm not trying to avoid that particular vote.

**Mr. Breaugh:** I don't think, quite frankly Mr. Minister, that the criticism is particularly of you; perhaps it is more properly directed at the Chairman for calling a vote at that time; and I don't think it's a serious one.

**Mr. Hall:** No hard feelings, don't worry about it.

**Mr. Chairman:** Apparently we don't meet tonight, as the Ministry of Energy is not ready, but we do meet tomorrow.

**Mr. Breaugh:** Could you say that again?

**Hon. Mr. Rhodes:** The Minister of Energy is not ready?

**Mr. Breaugh:** Why doesn't committee sit tonight? The Minister of Energy is not ready, period.

**Hon. Mr. Rhodes:** Is your critic ready?

**Mr. Breaugh:** Our critics are always ready.

The committee adjourned at 5.35 p.m.



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Johnson, J.; Chairman (Wellington-Dufferin-Peel PC)

Rhodes, Hon. J. R.; Minister of Housing (Sault Ste. Marie PC)

**Ministry of Housing officials taking part:**

Grant, R., Acting Managing Director, North Pickering Development Corporation

Lam, P. C., Expenditure Control Officer (Ministry of Revenue)

Wronski, W., Assistant Deputy Minister, Community Planning









# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

### **Resources Development Committee**

Estimates, Ministry of Energy



### **First Session, 31st Parliament**

Wednesday, July 6, 1977

Afternoon Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC

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# LEGISLATURE OF ONTARIO

WEDNESDAY, JULY 6, 1977

The committee met at 3:29 p.m.

## ESTIMATES, MINISTRY OF ENERGY

**Mr. Chairman:** I see a quorum. We will start with the Minister of Energy leading off with an opening statement. Mr. Reed, the Liberal critic, will follow, and then Mr. MacDonald, the NDP critic, and then we will go from there as the members so indicate.

**Hon. J. A. Taylor:** Thanks very much, Mr. Chairman. I thought rather than read a formal statement I may make a few comments in connection with the objectives of the Ministry of Energy.

As you know, it is not a ministry that has been in operation for a long time. Its duration has been about four years. I sense there is an ever-increasing importance being attached to the function of the Ministry of Energy. Its mandate is, of course, to develop policies and initiatives to ensure an adequate and secure source of energy with due regard to the environmental impact and also at reasonable prices.

I think you will have to appreciate that in Ontario we are particularly sensitive to the problems surrounding the matter of energy, because Ontario is probably the strongest industrial province in Canada. It is responsible for about half of the manufactured products. We produce about 40 per cent of the gross national product of the country and, in terms of exports, we probably export roughly 75 per cent of the manufactured exports from Canada.

When you look at that and at the development of our economy, which is based to a great extent on cheap hydro-electric power, you will appreciate that the shift now is away from the dependence on electricity generated by water, not because we did not like that, but because, of course, with the increasing demand and the limitation on our potential for further hydro developments we are forced into other areas in terms of generating electricity.

When you look at the overall importance of Ontario of energy—and we must not confine our thinking to electrical energy only—you will see that we are, as a province, in a fairly sensitive position because we import from other jurisdictions, provincial or other-

wise, about 80 per cent of our energy requirements. That means we are subjected to what is going on in other provinces, at other levels of government, in terms of pricing and regulation and controls.

The reliance of Ontario on other jurisdictions is going to become probably more apparent as we see what is happening in the escalation of costs, whether you are talking about coal or whether you are talking about natural gas or oil, with one exception, and that is we are in a good position in terms of uranium. Ontario probably has 80 per cent of the known reserves of uranium ore in Canada at the present time. We are in a fairly good position there.

We have been relying on the United States principally for coal; some from Alberta. We probably use about 16 million tons of coal a year in Ontario. About half of that, I think, is used by Ontario Hydro. We have Hydro people here who can get into that aspect of it. We do not have large coal deposits. There is some lignite, as you know, in the James Bay lowlands and some initiatives are being taken there, and no doubt we will get into that.

In terms of natural gas, of the total Canadian consumption of natural gas, Ontario probably uses half of the Canadian consumption, and again, about half of that is used by industry. When we look at the price of natural gas we look at the impact of that on the consumer, and we look at the impact of that on our commerce and industry, because that translates in terms of economic activity and jobs.

Again, when we are talking about natural gas, I think it is important to remember that the price of oil is fixed as a result of an agreement between the oil-producing provinces and the federal government. You may wish in these estimates to get into those negotiations and what has transpired and Ontario's position and so on. But once that price is fixed, the price of natural gas is automatically tied into the price of crude oil, so that reflects directly in terms of cost to our commerce and industry and to the home owner. Of course, it also reflects in regard to applications that have to be made to the Ontario Energy Board to set rates for the utility companies as to what they can charge



the consumers. These are areas that, no doubt, you will want to explore.

We are very concerned in terms of not only the present, but the intermediate term and also the future of Ontario in regard to a secure supply of energy, again at reasonable cost and having consideration for the environmental impact of that energy.

That concern and our perspective of that were set out in a report I tabled in the House entitled, Ontario's Energy Future, which probably most of you have looked at. We look at the present situation, we look at the intermediate term and we look at the long term. Again, when we look into the long term and the intermediate term, we're looking more into renewable forms of energy. There's no panacea in terms of a rapid answer or instant solution to renewable energy forms.

In the estimates, when we get into the field of research and development, you'll see the initiatives the ministry is taking in regard to renewable energy forms, and that is in the form of solar. When we get into solar energy, again I think it's important to distinguish between utilization of solar energy in regard to such things as domestic hot water heating and space heating as opposed to the direct conversion of the sun's rays into electricity and using direct conversion for electrical purposes. I think sometimes that's confusing people's minds.

We feel we've reached a point where we can apply in a practical sense solar heating for space heating and hot water heating. We have taken initiatives in that area and we have been involved in regard to the construction of buildings that will be heated in that way. I can name some and, no doubt, we'll be wanting to explore those areas and those initiatives as we reach them in the estimates.

As to most of the other initiatives, in terms of the use of methanol as a fuel we've not only had seminars on this, but we have an active committee now reviewing the practical application of that. Hopefully it will come forward with a report that will demonstrate the feasibility of its manufacture. It's not simply a matter of erecting a plant. There are a lot of areas involved. There's the question of use in the current automobile, whether you can use it, whether it's to be mixed with gasoline and, if so, to what percentage, or whether you're better off using pure methanol and changing your type of engine. The experimentation is currently going on in conjunction with the Ministry of Transportation and Communica-

tions in regard to government fleets and all types of vehicles and using that as a mix.

Then there's the distribution. If you get into the manufacture, then you have the distribution question. If you're going to use it in an automobile, you have the question of what is your distribution in terms of service stations, for example. Then there's the manufacture of the demonstration plant and the commercial production of that. We are pursuing that initiative enthusiastically.

Another area that is of immediate concern and which I think must be given a very high profile is the whole area of conservation of energy.

**Mr. Stokes:** You never mentioned wind-mills.

**Hon. J. A. Taylor:** We haven't had any of that so far in these discussions but I'm sure we'll get into that, and not only figuratively. You're absolutely right. We have done some work in looking at the province and determining the areas where there would be sufficient constant winds to have some practical application in terms of the generation of electrical power. We have a project that's being put in place right now on Toronto Island. That's not your part of the world, but the question there is to utilize the wind, and when it drops or subsides, to be able to bring into play a generator that would switch on as the wind turns off.

There are some technical problems in that regard, but if we can resolve the technology, then the application of that technology would be more appropriate in the northern and more remote areas of the province. Then we would test that equipment under more severe environmental conditions, in those areas, to see if that application is practical.

There are also other matters that we are pursuing in terms of biomass: the utilization of waste materials. You have heard a lot over the years about "watts from waste." We have under active pursuit a plant in Hearst that will utilize wood waste to generate energy there. That is being worked out in conjunction with the local community and industry and through my ministry. There are those forms of renewable energy that we are pursuing.

I won't at this point get into the other areas, such as fusion. No doubt when we discuss Hydro—as some of you may wish to—we will get on to what is happening in regard to the generation of electricity by coal, gas, oil and nuclear power.

Conservation covers the whole spectrum of utilization, whether it is electrical energy or whether it is oil or gas. Not only does it

cover the residential sector; it also covers the commercial and industrial sector. It also involves a substitution of forms of energy—types of fuel to effect economies in terms of the overall utilization. You may be utilizing more electrical energy in some cases in order to achieve an overall energy saving when you look at the total picture. The activities in that area have been co-ordinated with the Ministry of Industry and Tourism in regard to the industrial sector and I think you have all heard of the “energy bus” and surveys that have been done and the achievements that have resulted.

The area of conservation, to my mind, dictates a need to inform the public and this causes me some concern—as it may do you—because I think there is a certain lack of credibility in the public mind as to whether or not we do have an energy crisis. We hear a lot about an energy crisis, but it wasn't many years ago that Joe Greene in Ottawa was saying that we have 900 years' supply of oil in Canada. Then a series of federal reports came out, indicating a 400 years' supply; then we start looking at the thing more seriously and—

**Mr. Stokes:** That's government accuracy. They told Tommy Douglas he didn't know what he was talking about

[3:45]

**Hon. J. A. Taylor:** Then as we get into research, we are concerned about starting to run short in the 1980s—certainly by the mid-1980s for conventional sources of oil and the latter 1980s for natural gas. We see that perception developing and being parroted all over the continent. Then we have a United Nations report which seems to indicate that they are looking at a world supply of 100 years.

Of course, it's the data base that you use; it is whether you arrive at that figure, not from proven reserves, but from prospective sources. So there is an overall public concern with regard to the perception of the energy crisis and with that, of course, the need to pursue all types of avenues in developing alternatives.

The position we have taken is that you shouldn't exercise punitive pricing just to prove to people that they are going to have to conserve. I think the educational program is something more than that. No doubt we will be getting into that when we get into oil and gas pricing. But I did want to make mention of that fact because you have to have public recognition of the true picture before you can really make too much progress.

I would like to point out that we have with us Mr. Gordon, the president of Ontario Hydro. I expect you'd probably want to deal with Ontario Hydro in the first vote, under administration, because you know Hydro isn't financed through my ministry. Probably the only area that you can get at Hydro would be through that section.

I will leave further comments until I respond to the points you may bring out, or as we reach different matters in the estimates.

**Mr. Reed:** My remarks will become more specific as we get into the vote and I'll try to be as general as possible in the opening statement. But I have to remark on the minister's opening statement. I am amazed at the length of time spent on certain subject matter.

Nearly two years ago when I first came to the Legislature, I remember sitting with the minister's predecessor in estimates which parallel this meeting here today. We talked about the importance of the ultimate use of renewable resources and some of the various techniques that could be employed and were told by the minister at that time that such things were not feasible, such things were beyond the realm of practical application.

It is amazing to observe, during the course of 24 months, that our energy picture and consideration of energy forms and the options available to us can have changed in such a short period of time. Indeed, without being critical of the ministry or the ministers, either the present minister's predecessor or the present minister, it's simply a valid observation that our energy picture is changing with that kind of rapidity. It's also, I think, a valid observation that has been expressed more eloquently by others that energy has been the sleeping giant and now the sleeping giant is waking up in the latter quarter of the 20th century.

Energy, I think it is safe to say now, will become the most important single economic issue between now and the year 2000. The things that we formerly took for granted—the apparent abundance, the apparent low cost and so on—have gone. I agree with the minister that the observation that the abundance is leaving us has probably not filtered through to everyone in our society and to all of our population. But I believe it is incumbent upon those of us who are placed for various reasons in positions of some kind of leadership to bring that message to people as the months go on.

The exciting part about being energy critic for the Liberal Party and being here in the



Legislature at this particular point in history is the fact that energy as a subject is an area of new challenges, of new ideas and of new approaches. It is perhaps the newness in some of us that creates the uncertainty about our energy future but it is also to the newness and the unknown, or the partly known, that we must turn to for our answers in energy. The point is that we must seek these answers very actively and with a completely open mind.

Our economy in Ontario depends upon energy as no other economy in Canada. Our industry is energy-intensive. Our agriculture is very energy-intensive. Indeed, I think it is a fair observation that much of the progress that has been made in the productivity of agriculture is dependent on the utilization of energy. You will probably know that agriculture's productivity has increased at a rate greater, I think, than almost any other industry in this country since the turn of the century. Energy is used not only to till the fields, to milk the cows or to take material from one point to another; it is also utilized very extensively in the production of fertilizers and so on which are also responsible for the kind of productivity we enjoy in agriculture.

One wonders, in trying to do a little bit of muddy crystal-ball gazing, whether agricultural production in the future will not be based the way it was when I was at agricultural college, where maximum yields equated maximum profits but, because of the high cost of energy in the future, the maximum profits very well may be determined by what we could call optimum yields rather than maximum yields. It may very well be that we will be looking towards a maximum profit from 100 bushels or 90 bushels of corn to the acre rather than maximum profit from 140 or 150 bushels of corn to the acre. That's kind of a sobering consideration when one thinks about the demand that may place on agricultural land in the future.

Our leisure activity is also dependent to a very large extent on our utilization of energy. We get into the four wheels and go up to the cottage country, and we take it all very well for granted. We get into our outboard motor boat and travel across the lake, although I think some of us are perhaps taking up sailing now; hopefully, that is a positive move in this regard. The point is that the utilization of energy permeates every facet of our society and our economy.

On the other hand, we are not just users of energy. I think it's a fair statement that we're also, in Ontario particularly, profligate wasters of energy. In Sweden, the per capita

consumption of energy is something in the order of 55 per cent of the per capita energy consumption in the province of Ontario. That is not to say that their standards of living are equal to ours, but part of that must be due to some difference in the way we waste our energy resources. It's in this waste that we probably must look to one of the answers.

Wasting energy really contributes nothing to our economy. We waste energy to the siren call of comfort—the temperature we have inside our homes, the fact that we can no longer open windows in office buildings and so on. The wasting of energy does nothing to challenge our own sense of self-discipline.

The wasting of energy does one far more tangible thing: It steals a finite resource from our descendants. Waste in this sense is relatively unnecessary. I know that we can all get into the debate in semantics on energy waste and where the waste of energy is necessary or must be considered part of an industrial process or whatever. But by and large a good deal of the waste, and perhaps it would be safe to say half of the waste—if you look through the energy flow charts, the waste represents something over 50 per cent of our total energy consumption—at least half of that waste probably could be curtailed with some very conscious effort. We know we can go from point A to point B, for instance, on about half of the Btu that we consume at the present time. But we, as a people, still continue to purchase our ego- and comfort-builders, and they are great users and wasters of energy.

Another area of waste is not so much personal but in the determination of how we use various energy forms: the fact that we are non-selective about the way we use energy. We're still using electricity to provide low-grade heat, a most inefficient use of a very high energy form. We still use natural gas to generate electric power, a very unwise use, as we're finding out, of a particular kind of energy form.

You may say—you can answer me at this point—that perhaps we can't do anything about it. But what we can do as we move into the future is recognize these patterns, recognize the non-selectivity in our industrial society, if you like, in the way we generate electric power and so on, and begin to make a conscious, determined effort to use energy resources that we have to their highest end use. We have learned, for instance, that turning a wheel with electricity is probably a very high end use for electricity, whereas producing low-grade heat is probably not.

[4:00]



Another way we waste energy in the province of Ontario is through the inefficiency of our greatest utility, Ontario Hydro. We are probably going to get into a discussion of Hydro in consideration of the votes, but I would use it as an example. As many people here will know, we capitalize generating capacity in Ontario Hydro at the present time to produce an amount of electricity approximately double the mean annual output.

It can be very simply argued that we don't purchase electricity on a flat line and that the day-to-day curve goes up and down, and as the year turns over that curve moves gradually upwards until we hit some magic day—I think this year it was on January 18—when we hit our peak. The peak in Ontario Hydro's production scenario occurs about once a year and it's a magic time that lasts for about four hours.

It's on that peak that Hydro at the present time capitalizes and does all of its projections for the future, because, as you know, if we cannot produce at that peak then during a particular time in the year we might inevitably be subject to some curtailment in the amount of electricity available. That's all well and good. What can we do?

As you know, Mr. Chairman, last year we wound up with a select committee originally intended to study hydro rates for 1976, but it ended up making a series of rather profound recommendations to Ontario Hydro and to the government about maximizing the efficiency of the system. It's my very strong belief that a concerted effort in this direction will not only curtail the waste that takes place in Ontario Hydro but will also maximize the investment dollar in the Ontario Hydro expansion program.

We don't know how far we can go in terms of cutting the top off that peak of consumption and putting some of that consumption into the valleys and so on by various techniques—some of them mechanical, some of them electrical, some of them by price incentives and so on—but we do know that there is a target there that we can set and we do know that there is a direction to go in, and we do know that for every percentage point we can take from the peak we can save an investment of \$1 billion, and I think that is rather a profound amount of money considering the incredible demand that the utility makes on the capital of North America.

The first objective of the ministry then—and there are perhaps two or three objectives that I think this ministry should under-

take—is to recognize some of these liabilities. I think we have recognized now that our resources are finite, that the traditional resources that we know of are finite; we know something about prices and what is going to happen to them in the future; but the recognition of the liabilities I think is a very real goal for the ministry.

It leads us to the subject of conservation, and this is where the ministry must direct its immediate attention and continue to direct and expand its attention—to conserve in some of the areas we outlined where we waste; to conserve through raising the efficiency of our utility systems; to conserve through a more selective use of our energy forms, and to conserve by creating a consciousness or an awareness in everybody that we indeed can take this on as a challenge and make it work for the betterment of everybody in Ontario.

This is where one of the big roles of the Ministry of Energy comes into play, and that is—as the minister stated—through the communication of this recognition of our liabilities to a public that is beginning to await the answers more and more eagerly as the months go by. I think if my desk is any indication, the interest in energy is increasingly manifold as the months go on.

This is the kind of leadership that Ontario needs. It is leadership which will make the public recognize there is a problem and make the public realize that there are answers. The answers are being developed. Some of the answers are with us now. Some of the answers are still being researched and developed all around the world. But it can be a very important function of this ministry to be that medium of communication.

The second objective, I would suggest, of the Ministry of Energy is to actively seek and develop the areas of newness that we talked about in the beginning. The fact that alternate energy forms, if the minister's statement on Ontario's energy future is any indicator, will not be significant before the end of the century, should not deter us in any way from active consideration and development of all the alternatives that are available, whether that be in the private sector or the public sector. We know one thing; we know that finite energy—that is, non-renewable resources if you like, petroleum and even uranium—will gradually increase in price, especially petroleum, as it is going up in galloping lots.

I just had a conference with one of the representatives of one of the major oil companies who tells me now that they expect oil to come off the tar sands, out of the Syn-

crude project, at about \$20 a barrel. That means \$1.30 per gallon gasoline in anybody's language. Whatever figure it comes out at, we know that it will be increasing. We also know that in terms of renewable resources development the relative cost is not increasing. There is some inflationary increase, and there are perhaps some increases due to the cost of hardware, but the cost of the energy itself remains constant.

If you take those two lines, at some point you will find that where a particular renewable energy source this month or this year may not be practicable, if we follow the line we know that it inevitably will be, because those lines will cross. Those lines are going to cross, gentlemen, whether we like it or not, and it is of a particular significance to the province of Ontario because in terms of traditional energy sources, as the minister has pointed out so well, we are not well endowed.

As a matter of fact, as he has said, we now import 80 per cent of the energy that we consume. We have a certain capability for nuclear expansion, which may very well be somewhat limited by the amount of funding available at a price. Our indigenous energy forms are very limited. So it seems to me, and it seems to my party, that the direction Ontario must take vigorously is in this development of renewable resources.

It is perhaps safe to say that if half the money and brain power had been put in renewable resources 20 years ago when AECL was formed, we might have a very parallel development and expansion of renewable resources at this particular time and that the whole nuclear debate would be rather academic. But as it is, because of the fact that we have put all our eggs in one basket up to this point, we are going to be debating the future of nuclear energy very vigorously in this next year.

It is our contention that a parallel development program must be created and undertaken which would ultimately rival the nuclear development program. We know many of these energy forms are clean energy forms. We know we don't have the same depth of environmental consideration and there is not the same contention with them. We also know they lend themselves to a lower form of technology, that they can be far more decentralized and, as a result, promote the energy security of the province.

Centralization has some saw-offs, as we all know. They are trade-offs that we make out of a considered necessity, but a move into the future and a move into newness can take us into a new and very economically viable area as the price of traditional energy forms

continues to rise. As to when we are going to reach that, if I could be specific for a minute, we know now we perhaps might reach a saw-off point in methanol, and the minister talked about methanol. We might reach a point of equity or parity when gasoline does get to \$1.20 or \$1.25 a gallon. It is incumbent on us to get the nuts and bolts in place now because that day is coming upon us very rapidly.

It should also be pointed out that in terms of Ontario's potential for instance to produce methanol we have a great capability. We are utilizing about 20 million acres, give or take a few million, and what's a million?

**Hon. J. A. Taylor:** C. D. Howe said that. Don't attribute that to me.

**Mr. Reed:** No, I won't attribute that to either you or me.

Ontario uses roughly 20 million acres for food production. We will inevitably raise that acreage partly through the cost of energy because of, I would suggest to you, new optimum yields in agricultural products rather than maximum always. But there is still a good deal of agricultural land which might be very viable as energy-producing land. The production of methanol is well in place in Nebraska at the present time. There is a farm co-op there that is using their agricultural waste, their rotten hay and their cornstalks to convert into methanol. It's a pilot project. I understand the government of Nebraska is including a small percentage of methanol in motor fuel in that state at the present time.

The day will come when that is all going to become very realistic so far as Ontario is concerned. It may very well be to our economic advantage to stop paying the \$6 billion a year we pay out of this province for energy and be rechanneling at least some of it, for instance, into our agricultural and industrial communities to produce one of these alternative energy forms. I don't want to stick on methanol and I don't want to stick on solar panels or anything else because the field is incredibly broad and the amount of development in each of the technologies is very broad.

Suffice it to say that in terms of renewable resources, Ontario has a lot and we have it in abundance. It is up to us now only to seize the economic opportunity and, as some of these other forms of energy begin to get beyond our economic reach, to take hold of them and put them to work for the betterment of this province.

[4:15]



That leads me simply to a final statement. It is something I had believed from the time of the creation of this ministry, that the Ministry of Energy in Ontario should now, at last, become a very major ministry in the province of Ontario. You have a lot to do and a lot of challenges ahead of you. You have the need to provide an area of great leadership, and I would submit that so long as you continue to be simply a policy secretariat with a minimum of program activity, you will not be able to provide the kind of leadership that Ontario needs between now and the year 2000.

**Hon. J. A. Taylor:** That was my understanding when I became minister, of course.

**Mr. MacDonald:** Mr. Chairman, let me begin where Julian left off with regard to the role of this ministry. When it was established some four years ago the government stressed it was not going to be an operational ministry in the normal sense of the word. It was going to be a co-ordinating ministry with regard to the many facets of energy policy and implementation and, most important of all, it was to be a policy development agency.

I just want to underline what Julian has implied if not stated, and that is that I think or too long the Ministry of Energy in the province of Ontario has been a junior ministry living in the shadow of Darcy McKeough. I think it is understandable that he was the first Minister of Energy, and like Otto Lang, wherever he went he carried certain of his responsibilities and he carried these responsibilities into the Treasury. Whether it is a sudden, arbitrary, unannounced, undiscussed ceiling on capital requirements for Hydro, that Hydro then has to sort of reshape its whole program to conform with, or whether it is many other policies, the real Minister of Energy up until now, I say as a challenge to the Minister of Energy, is still Darcy McKeough.

While inevitably that will continue to some degree, because the Treasury and policy, pricing, taxing and things of that nature are becoming increasingly part of energy policy, it seems to me there is need for this ministry to grow up and to become a really important agency within the government, not only for co-ordinating but for policy development purposes.

When we get into a brief discussion of the whole broad energy policy, as the minister as reminded us, Ontario is in a rather unique and unaccustomed position. Ontario the great "have" province traditionally. When you get to energy, Ontario is a "have-

not" province. We import 80 per cent of our energy needs. I had that driven home rather dramatically when I read a speech of a Minister of Energy from Saskatchewan, or the Minister of Natural Resources, which encompasses energy in Saskatchewan, in which he pointed out that Saskatchewan, traditionally a "have not" province, had resources for the next 400 to 500 years for most of the energy needs right within their own borders, as compared with a situation where, in the province of Ontario, we have to import 80 per cent. Therefore, we have been focusing and considering in ever more detail the double problem of ensuring supply and co-ordinated with it, of course, the problem of pricing.

On supply, to the extent that we need to import coal, a very good proportion of it is used by Ontario Hydro and it has ensured its needs by long-term contracts, if I recall correctly, that run for as much as 30 years in advance.

On other energy sources, like oil, we have been sort of playing at the game. We in the New Democratic Party supported, with some reservations, because of the whole nature of the venture, Ontario becoming a participant in Syncrude, but it is really a very small fraction of Ontario's needs. The development process is a lengthy one and I don't think anybody has any illusions that Syncrude is going to meet our petroleum requirements overnight.

While we have got to take a look at how we can ensure supply, I suggest that perhaps we have to lay a greater emphasis in another area, that is, in seeking what we don't have in this country, a national energy policy that is really clear enough cut that provinces can fit into it, and that we have got to play a more vigorous role in the development of that national policy for our own benefit.

I want to suggest that the power we have in the province of Ontario is the power of a great consumer. At the present time, we are faced with a rather anomalous situation in which the federal government and the producing provinces are in league with the oil companies, the multinational oil companies, for the purpose of escalating prices to the world-price level as quickly as possible. This government, through all its spokesmen, has been pointing out the disastrous consequences this is holding for the province of Ontario in terms of price increases that feed out through the whole economy and have a serious impact in terms of lost jobs and everything else. Surely the time has come when rhetoric is not enough if we are going to



have a necessarily effective role in the shaping of policy.

Ontario actually is a bit of a patsy when it comes to developing national energy policy. The minister will make speeches in the House before he goes to a federal-provincial conference. The rhetoric is very tough and the provincial Treasurer (Mr. McKeough) and the Premier (Mr. Davis) will back him up. But when you go to Ottawa, you sit there and you know when you go away the price is going to go up and you don't do anything about it.

If I may quote the Treasurer, he said: "There is precisely nothing that this province can do to prevent the oil companies from raising their prices in Alberta if the freeze comes off." This was on December 5, 1973. "Or in the world fuel game," said he on October 28, 1974, "let's just call it the way it is. In the world fuel game, the energy game, we don't hold trump cards; we don't even hold in Ontario any face cards."

I want to suggest you are underestimating your capacity. Ontario is a very big consumer. If you wanted to suggest to Ottawa and to the major oil companies that you were engaging in something more than just rhetoric, you should come home and—not in a long-term viable policy but at least to make your voice and your view effective—announce there's going to be a consumer price freeze. That will mean the oil companies may begin to come on to your side to a small degree instead of continuing their collaboration with the federal government and the producing provinces in terms of this escalation of prices in which you just tag along screaming but accepting it and doing nothing about it.

In short, let me show you that this isn't just a view of mine. In the final report of the Isbister commission, on page eight, there is this rather interesting sentence of the commissioner: "Representatives of the province have sometimes indicated that it has little influence with respect to crude oil produced elsewhere. In fact, Ontario has all the bargaining power of a large consumer and needs mainly to think about it, assemble it, and use it."

How are you going to use your bargaining power as a consuming province, and that runs the gamut from industry to commerce to residential consumers? Everybody is a major consumer and you are protecting everybody across the board, every Ontarian. How are you going to use it? Are you going to use it in Ottawa just to engage in a bit more rhetoric but coming home knowing that the rhetoric is idle and that the price is going to go up? Or are you going to protect the

consumers of Ontario by a price freeze which will be exercising some clout?

Having said that, I repeat that I agree that kind of approach isn't going to be viable as a long-term policy, but at least they are going to pay some attention to you. At the moment they are not paying any attention to you. When you go up there and engage in your rhetoric it means nothing. You are going to go home and accept it. In short when is the government of the province of Ontario, as a major consuming province, going to protect the consumers of this province with something other than just rhetoric?

For example, even on the whole question of the Mackenzie Valley pipeline—the minister is being delightfully ambivalent as to where exactly the government and he have stood in statements in the past on the Mackenzie Valley pipeline—there is a lot of documentary evidence to indicate you were going along on that too until some more recent statements where you are backing off and your ambivalence is more noted. That was just further confirmation that you accepted the real game as it was being played by the federal government in co-operation with the producing provinces and the oil companies. It's about time somebody began to stand up for Ontario, and to take action to indicate you are willing to use the power we have, as Isbister says: "The bargaining power of a large consumer—and needs mainly to think about it, assemble it and use it."

There is one little footnote to this. One of the bedeviling problems that we've had in estimating what our position is so that we can shape a policy in light of what are the facts is that nobody is certain as to exactly what the facts are. We have for years vacillated from the information we've got primarily from the oil companies, to the effect that we had unlimited resources and therefore there was no problem in terms of increasing exports—to then crying havoc that we were within a short distance of the end of our resources.

Many times policies that the government, both in Ottawa and here, have enunciated have looked rather foolish because we discovered afterwards what appeared to be the facts and that those facts didn't justify the policy pronouncements. I want to suggest that if this government cannot get what it thinks is an independent assessment of the situation rather than the self-serving provision of statistics from the big companies in the field, this government has an obligation and has a capacity to move into that field. You hire consultants for many things and

pay a lot of good money for it—consultants who can be hired to assess what the figures are and get some sort of independent assessment of the situation—because it is idle to talk about shaping an energy policy if we haven't got the basic information upon which to build that policy and to shape it. Some time soon we've got to be rescued from this bedevilling factor of information that has proved from year to year to be unreliable.

Let me move to one other source that was touched upon a bit by Mr. Reed. One of the problems that we face in the province of Ontario in terms of searching out all of these new and exciting sources that Julian was referring to is that nobody paid any attention to them during the years when we should have been doing a lot of basic research, so that now we could be into an operational stage instead of a research stage.

Some people criticize Ontario Hydro for not doing it. Ontario Hydro conceived of its role as the generation of electric power and the distribution of that electric power. It didn't consider that its obligation was to try to develop competing sources of power until very recent years when the crunch has come upon us. I want to suggest that when this ministry was established four years ago, that either that responsibility should have been placed as an added terms of reference for Ontario Hydro, or it should have been accepted with infinitely more vigour than it has been by the ministry.

Again, there is a lot of rhetoric but the tragedy of the situation, and part of this is inescapable, is that we are now doing what we should have been doing 25 years ago, in experimentations with solar power and its application, with wind power. The member for Halton-Burlington referred to comments that were made a year or two ago and were dismissed as being impractical and sort of nonsensical. As has been pointed out many times, one of my former colleagues, Fred Burr, many times raised questions in the House that were a bit of a joke. Six months later they were no joke. Six months later the people who presumably were in charge of energy policy at both the Hydro and the Ministry of Energy level were conceding there was validity in them. They should have been conceding that 25 years ago.

[4:30]

Let's not cry over spilt milk. The job hasn't been done over the last 25 years, and therefore it seems to me that there has got to be much more of a crash program. It may involve the expenditure of money to a greater extent than Darcy is willing to contemplate

in his restraining budgets these days, because the consequences a bit further down the line are going to be pretty great. It may well turn out to be one of the best possible investments that we could make.

I was interested in the comments, and I certainly share the feelings, of Julian Reed that one of the greatest potentials for agriculture in this province may well be the production of materials from which energy can be made. An industry that is a very great energy consumer may become a very great energy producer. The \$20 million figure, Julian, is a wee bit, I think, out of whack with reality. It is about \$11 million in terms of prime agricultural land. I am sure you've got another \$8 million or \$9 million—if you listen to the government they may have \$50 million in reserve there—that is going to take up the slack when those prime agricultural lands are gone.

Mr. Reed: Government accuracy, Donald.

Mr. MacDonald: However, much of that land that is not class 1, 2 or 3 is capable of producing something from which methanol can be made. I think in addition to the little experiments that are going on in Nebraska and elsewhere, there should be some really co-ordinated effort; a co-ordination role in your ministry, with the Ministry of Agriculture, which could be very beneficial in terms of new cash crops to supplement farm incomes and help to stabilize them a little so that the deficiencies of your farm income stabilization bill will be met other than through the bill itself and financial arrangements in relation to it.

I remember attending an OFA convention two or three years ago when somebody who was in authority in the field contended there was more natural gas wasted in the manure piles, and the wasting and the rotting straw and hay on farms in the province of Ontario—there was as much as one half of the annual consumption of natural gas in this province wasted. I know that is likely a scientifically accurate statement, but how you could get the economics in to gather all that and use it, is the real crunch. We haven't done anything about it.

Hon. J. A. Taylor: Who was the self-proclaimed expert on that?

Mr. MacDonald: It was an expert in that field and from one of the universities.

Hon. J. A. Taylor: Not a politician?

Mr. MacDonald: No, not a politician.

Mr. Reed: He is more accurate than a politician.



**Mr. MacDonald:** I am not going to speak at great length in introduction here. Let me move to this whole question of energy conservation which is becoming a matter of ever-growing preoccupation. I want to deal with it specifically in terms of the federal government's recent announcement with regard to home insulation and the minister's reply to questions before the orders of the day in the House.

The minister has pointed out that there were about four requirements that the federal government spelled out which would have to be met before anybody within any given province would be able to avail themselves of the financial benefits of this proposed federal program. He also pointed out that the program came like a bolt from the blue. There was no prior consultation. There was no opportunity for discussion and input. I want to suggest to the minister that if that is the case, here is an area where once again this ministry, in keeping with its role, should be pressing very quickly for a federal-provincial conference in which you can sit down to clarify to what extent this can be applicable in each province—indeed to get some changes in the federal program so that you have the fullest possible application of it.

I know of many people in this province who have become sufficiently conscious of the need for home insulation to conserve energy, that they are willing to move now. We discover the federal program in the initial stages, if I am correct, is going to apply to homes prior to 1921. Surely that's going at it in stages down through the decades to 1977 from prior to 1921. Presumably if our rhetoric means anything, we are serious about a conservation program that will be effective rather quickly. Is it not possible to sit down with the federal government, through an early federal-provincial conference, in which this government and this ministry can seek to get a fuller understanding of what they have offered and such adjustments in it as will make it effective much more quickly?

I repeat, the time has come for some action and not quite so much rhetoric. In fact I think we can go one step further. Once you have clarified what the federal program is and got such adjustment in it as you possibly can for a more immediate and effective program, I think it should be supplemented in the province of Ontario, supplemented as we in the New Democratic Party have proposed both in the budget speech of our critic and by the leader of the party during the election campaign—by a program that the government will initiate,

supplementing grants and loans that the federal government is making available. Then not just a few people who happen to live in a home that was built prior to 1921 but all of those people whose consciousness of the importance of this issue has been raised will be able to move immediately.

In short, the conservation program, it seems to me, is one which presents a real challenge. It's a challenge that is not going to be met by the proportion of rhetoric we have had up until now, if it isn't backed up with incentive programs and taxes and grants, if it isn't backed up—and now let me get into a very delicate area—if it isn't backed up with a bit more of the force of law.

I don't want to get into an ideological wrangle with those who think that the New Democratic Party is always interested in compulsion and the rest of you are always interested in voluntary things.

**Hon. J. A. Taylor:** Careful now. The skies have darkened and I hear the gods' anger.

**Mr. MacDonald:** I can quite understand that. The deficiencies of this ministry are why the gods would be angry.

**Hon. J. A. Taylor:** I am just trying to stave off a bolt of lightning.

**Mr. Stokes:** It's interesting you should say that because I am just reading the submission that is being made to the cabinet at the present time. The native people who have been here for hundreds of years are bringing down the wrath of the great creator upon the way you have ravaged the earth—particularly Ontario.

**Hon. J. A. Taylor:** I wasn't taking credit for that.

**Mr. MacDonald:** What I wanted to say by way of a concluding note is that your predecessor, and I think you have tended to follow on the same line, says: "Look, we are going to operate on a voluntary basis. We are going to have advertising. We are going to have endless statements and speeches to plead with people that they shall conserve." But you yourself have suggested, as did Julian also, that people wonder whether it's really necessary, because there is conflicting evidence about the reality of the crisis in energy. How short are our reserves?

If you really want to conserve now, it seems to me you have got to back it up a bit more than just rhetoric. In fact, let me suggest this to you, Mr. Minister, that if as we get into the 1980s and we discover that consumption is closing the gap with the generation, for example of hydro-electric power, at that point we have to move because the only alternative will be blackouts.



We have to do something about all the wasteful use of lights, all the wasteful use of electricity for space heating, about the retrofitting of warehouses and commercial buildings and things of that nature. At that point it will be far more punitive when there will be no flexibility than it would be if you were to move now and say: "We have got to set ourselves goals in terms of conservation and we have got to meet those goals. If we are not meeting those goals, we have got to back them up with something more than just rhetoric."

**Hon. J. A. Taylor:** I gather you are advocating legislation and rationing if necessary, I presume, and I gather Mr. Reed was concurring with you. You see, some of it sounds like Liberal policy. He was concurring in your rationing and regimentation.

**Mr. MacDonald:** How many times have we listened to spokesmen for this government talk about the wasteful use of lights in buildings, the substitute of wearing an extra sweater and various other chapters in that rather interesting story down the years? That is what I call a record, because you go around talking about the wasteful use of lights and the wasteful use of high-priced energy sources when we all concede and know that it is a wasteful use.

Isn't it time to do something to make that kind of a conservation program more effective if for no other reason than to avoid the kind of situation we may well face three, four or five years down the road when you will have no alternative but to take more punitive action? Meanwhile, even if you discover that you have done it more prematurely than events would make necessary, you are conserving these finite resources; thus you have the benefit, even if it is proven not to be quite so necessary or not quite so much of an emergency as some people thought. I'll wrap up my remarks by suggesting that the time has come for a conservation program that has a few more teeth and perhaps a few less words.

**Mr. Chairman:** The minister can now respond. Perhaps he would respond first to Mr. Reed, and the two of them can interject back and forth; we could follow the same procedure with Mr. MacDonald and then we will go to vote 1901 and start in rotation. Mr. Pope is the only who has indicated that he wants to speak. We will try to rotate speakers if we can.

**Hon. J. A. Taylor:** Mr. Chairman, I would like to review briefly some of the points made by the Liberal critic and, as there is

overlapping, of course, maybe I could respond to both at once and either could interject.

**Mr. MacDonald:** We dealt with many of the same issues.

**Hon. J. A. Taylor:** As you wish. When we talk about renewable resources, of course, the whole question has come up in terms of feasibility. What you are really arguing is that we have been saying it is not feasible for one reason or another—maybe technology, maybe economics in terms of what we are experiencing with the ever-escalating price of oil and gas—that what was not economic at one time has perhaps become economic, and if we had the technology in place and had taken the necessary initiatives some time ago, then we would have in place alternatives that could be put into production. I sense that that is the type of thinking that has been expressed by both critics.

It may be—and I don't deny it—that more money could not have been spent in the field of energy in this province—and in the Ministry of Energy. Actually, in fairness, we really didn't have the Ministry of Energy as such until four years ago. I cannot deny that fact, so I won't overemphasize the current importance of energy in terms of government activities.

**Mr. Reed:** I think what I was trying to say is that regardless of how we cut the cake now, with the knowledge that we have and all the projections that are before us, whether or not certain renewable technologies are financially or economically feasible at this time is immaterial. We know that they will be. We have learned that. We know that ultimately the cost line in the renewable technology is relatively constant, that the cost line in the non-renewables is relatively escalating and at some point they will cross. You can count on that; if we all put money on that, we will all be winners, because that is inevitable.

**Hon. J. A. Taylor:** What you are saying is that the economics will catch up to the technology but get on with the technology. I think that is the point that you are making.

**Mr. Reed:** Quite. Absolutely.

**Hon. J. A. Taylor:** May I just say that while I haven't been Minister of Energy for very long, in taking on this ministry I have assumed that it is a very important ministry within government and that added emphasis will be given to many of these areas.

[4:45]

In reviewing what has been taking place, there have been real initiatives—maybe not as high-profile as they could have been or as

well known; maybe they're not as newsworthy. But at the same time a great deal of research has gone on. Also, I may say, there is the accumulation of research in other jurisdictions, because surely there's no need for us to be duplicating our efforts. When I look at Ontario and our budget in the Ministry of Energy, and then look at the federal government in terms of its entire commitment to research and development, which is about \$138 million for all of Canada, and then I see the type of spending that's going on in the United States, it's obvious that we in Ontario couldn't compete with that type of spending or those types of initiatives that involve spending.

What we're trying to do, wherever possible, is to use and benefit by the research that has been done in other areas and then concentrate on areas where perhaps we can provide some practical assistance. We will have with us, of course, people who can indicate the particular projects in that area, whether they're financed through the universities or what have you, and what we're doing there.

I agree we have to continue along that line. I don't know about what was done 10 years ago or even five years ago in terms of these initiatives before we had a Ministry of Energy. But I know now that there is a great deal of emphasis being placed on that, certainly since I have come into this ministry. I think the staff is very much aware of that. But, again, it's not just money alone that accomplished that.

For example, we've reached the point now in terms of the utilization of solar energy for domestic hot water heating and space heating that it is really competitive or economic if we can get into place the industry that can mass-produce that equipment and get it installed and used.

**Mr. Reed:** Are you saying that, through the auspices of your ministry, you've improved solar hot water heating to the point where it's cost-effective?

**Hon. J. A. Taylor:** We believe that, certainly in certain areas. For example, in Aylmer we have what is probably the biggest multiple-family building in North America that is solar-heated.

**Mr. Reed:** That's great news. I wish you'd transmit that to Ontario Hydro.

**Hon. J. A. Taylor:** I'm sure you'll have a chance to discuss this with Hydro. It's a 30-unit building. In addition tenders are being called now for a courthouse in Newmarket that will be solar-heated. When you look at the application, while the front-end

moneys in terms of capital may be greater, considering the economics of the pay-back time, it is more economic over the long run. What I'm saying is that we have taken and are taking initiatives in that.

In terms of the utilization of waste hot water, we have been pursuing that for some time. As a matter of fact, the Kincardine project is under way, and there are some local initiatives in conjunction with another ministry.

**Mr. Reed:** That's another one I would suggest that you discuss with Hydro in some detail. In the select committee hearings just over a year ago, we discussed the business of the utilization of waste water from nuclear plants. We were told that such would be the reduction in the efficiency of the plant because of the necessity to raise the differential temperature in the system that it was just not feasible, and that the water was being returned in such volume into the lake with such few degrees of rise that the utilization of it wasn't practical. Evidence from European countries showed that it was practical, but we had that statement to contend with from Ontario Hydro as well.

**Hon. J. A. Taylor:** Again, in fairness to Hydro, Hydro has been very much involved in these discussions. As a matter of fact, if you look at the Lennox generating plant, when that was constructed—and it was certainly more than a year ago—there were considerable moneys spent in terms of piping and so on to accommodate the utilization of some of that hot water in terms of a fish hatchery there. So it is not something new that hasn't been considered by Hydro. It's not something that has been written off.

As a matter of fact, in certain cases it has been planned for. Again, with the Kincardine project, here you have the fish culture as well as the agriculture. I think that's something that will be demonstrated and if it works, and I hope and think it will, then of course we go on from there. What I want to say is that these things are being done. Currently we are working with the city of Toronto, for example, in connection with the redevelopment of a certain part of the downtown area, where we are spending moneys from the ministry in taking off heat from sewer gas to provide heating for a housing and commercial complex in that area.

**Mr. Reed:** I must say these are very commendable kinds of projects, and this is one of the areas where I intimated that Hydro was its own biggest waster in terms of production, and it could be argued that some



of that waste was necessary. However, here are areas of conservation which can be undertaken on massive scales.

**Hon. J. A. Taylor:** Beyond that I just want you to know that initiatives are being taken. I mentioned the solar application for space heating; well, when we get into the multiple family unit we feel it's economic. As for a single family unit, we are looking at it right now and have been working with the Ministry of Housing in connection with North Pickering.

**Mr. Reed:** Are you getting this information out to the private sector? You've made a couple of very revealing statements today, and I am pleased that you are doing this and that you have come to some of these conclusions, which a year ago were considered absolutely beyond the realm of consideration. The trick now is to get this information out to the public, out to people so that people will know and can make use of it; not just through the ministries and so on, but out in private enterprise, out with builders. Is this information being made available through libraries, through Ministry of Agriculture and Food offices, and so on, so that the private builder of homes can see that he can put in a cost-effective low-grade heat system utilizing solar panels? Is that kind of thing being done?

**Hon. J. A. Taylor:** We've got a booklet that we have just developed, and it will be printed very shortly, that covers this area. We are trying to get into the area of communications and that is not the easiest thing, you know. Maybe the media will pick up something that we feel isn't as important, but something solid that you think is significant and it's very difficult to get that around. Maybe you find that out as a politician.

**Mr. Reed:** A good part of these things are not sensational and, therefore, they don't necessarily grab attention.

**Hon. J. A. Taylor:** So I ask you to join hands with me in informing people in all parts of the province in regard to energy.

**Mr. Reed:** I'll be the first person to promote that concept.

**Hon. Mr. Taylor:** For example, in the North Pickering project, we are working with the Ministry of Housing. You talked about co-ordination, and we are working with the Ministry of Housing, the Ministry of Industry and Tourism, the Ministry of Natural Resources, with the Ministry of Agriculture and Food. We have that co-ordination there—

**Mr. Reed:** How about the Ministry of the Environment?

**Hon. J. A. Taylor:** And the Ministry of the Environment by necessity. Everybody works with the Ministry of the Environment.

**Mr. Reed:** What do you do with the ministry?

**Hon. J. A. Taylor:** Just a minute now, don't get me off the track. I'm talking about North Pickering because you may be interested in this. When you look at what's happening in the field of energy, it has an impact on communities, on how communities are planned, on transportation systems and on industry. The impact is very great. So we look at the prospect of central or district heating for a new community and at the prospect of using waste hot water from the Hydro plant in terms of district heating. This is the type of thing we are doing. You don't give us credit for it, but I think you have to take these initiatives. Sometimes you have to be bold and sometimes you're criticized.

**Mr. Reed:** Perhaps the reason we don't in all fairness give you due credit for these things is that we've been told a year ago or perhaps something less than a year ago that such projects were not considered feasible. I can remember being told, and I can dig up the transcripts in the select committee where the statement was made, that we did not yet have the technology for transmitting warm water without serious corrosion problems and problems that made it impractical. When you do finally decide some of these things or some of these previous statements are no longer acceptable, perhaps you should communicate it to us. Maybe part of it is a problem of communication. I'm perfectly prepared to concede that but, my goodness, how the world unfolds quickly in energy.

**Hon. J. A. Taylor:** I'm happy to hear you say that. I don't criticize you because you haven't tried something. Do you know how to play a piano? I don't know. I never tried. I think you've got to really try to know whether things are going to work. Sometimes you're going to have to spend some money. Sometimes they're not going to work out, but that's all in the system. I think you've got to take those initiatives.

What I'm saying is we have got into the type of projects in terms of waste, not only waste hot water but waste materials and so on. We will continue with that and we will continue in terms of community planning not only to see and demonstrate but to have a community there. I'd like to be able to kick some tires and say there's a community. Here's a subdivision that's heated by hot



water that would otherwise be waste hot water. Instead of putting natural gas through your pipelines, you're putting hot water through your pipelines and using that to heat homes. I think that's the type of thing we have to get into.

**Mr. Reed:** To this date, you really have been unable or are not communicating the feasibility of some of these things to the people who make those decisions. As a result, some of this technology is lying fallow, if you like, in this country whereas it's been reasonably well developed in some other countries. Yet we have perhaps as great if not a greater need for it here than they do. I'm thinking of district heating as a possible example.

**Hon. J. A. Taylor:** Again, there's another project for district heating that we have currently under way in downtown Toronto, apart from the one I mentioned earlier.

**Mr. Reed:** That's steam, though, isn't it?

**Hon. J. A. Taylor:** That's right. It's the steam project. It's not something we're not very much getting involved in. That district heating study was released in February of last year. These studies don't make the best reading.

**Mr. Reed:** That's steam though. That's specific generation of steam for heating.

**Hon. J. A. Taylor:** No, that's district heating.

**Mr. Reed:** In water?

**Hon. Mr. Taylor:** District heating in general terms, yes. I commend it to you to read. We've got a whole list, we've got a whole library of things here, but it's not really bedtime reading, I guess, and maybe it doesn't get around the way some other books do. I won't name the titles of some of the other literature that seems to be so currently popular.

[5:00]

**Mr. MacDonald:** You say you had a pamphlet which was presumably going to spell out some of these achievements reaching a stage where you think they're becoming viable. May I suggest to you that that is only an accompaniment to the rhetoric. If we're going to get effective application of some of these new ideas as they become viable, it's got to be backed up in part with engineering and technical advice. If not, they may not read the little pamphlet that you put out. But we're past the stage of pamphlets.

**Hon. J. A. Taylor:** Just a minute now, Donald, before you get into that. I want you to see this because it's not only going to be

understandable to the layman, but of assistance to the people who are more technical. The ordinary person can bypass the fine print, and just go to the larger pieces on the page and the illustrations. If you want more detail that is there too.

**Mr. Reed:** I guarantee that for me that will make exciting bedtime reading.

**Hon. J. A. Taylor:** That alone will be an accomplishment. I can call you any time of the night.

**Mr. Reed:** Any time of the night. You've got a buyer.

**Hon. J. A. Taylor:** Mr. MacDonald mentioned pricing, well, we got into oil and gas pricing. I made a statement in the Legislature in terms of the position that I would take at the conference. I've taken firm positions at the federal-provincial conferences, both in the previous ministry and in this ministry. I invited you to join hands with me so that we would have a common front, as parties whether it's the government or not—representing the people of Ontario, to make it known that we're dead serious about what's going to happen to oil and gas prices in this province and their effect on the whole system. We utilized the facilities of TEIGA on the impact of increased prices on job employment, on what happens to our competition in terms of exports and the effects of inflation. Every dollar increase in the barrel of oil sucks \$300 million out of Ontario's economy. So I was very keen and very sincere when I said: "Look, we just cannot afford any increase in oil or gas prices at this time because we've already suffered enough."

**Mr. MacDonald:** What did you do about it?

**Hon. J. A. Taylor:** What did I do about it? I made a very firm statement in the House that I thought would have been welcomed by all sides, so that I would have had a united front in going to Ottawa, so that I, as a minister in a minority government, would have been perceived as having the full support of the opposition parties in making that presentation. But I must confess that in reading the newspaper, I wasn't entirely convinced that I carried to Ottawa with me that particular support.

**Mr. Reed:** I hate to inject cynicism into this afternoon's conversation but you've got to admit that oil price increases have been used, from time to time, as a political tool in order to carry some sort of flag to Ottawa. Here's the Minister of Energy and he's going down there on his white horse and, by golly, he's going to tell those people what to do. I think you've got to temper the

position you took with reality. If I may be allowed to mention the commercial where the fellow is repairing the engine and he has got an oil filter in his hand. He says: "You can pay me now or you can pay me later."

The point is that although we have Syn-crude oil, the day will come when we have a sizable deficiency in our energy requirement and must import OPEC oil. If we continue to work without some gradual move towards the reality of the situation, which I'm told is going to come in 1980, then we are deceiving ourselves. If the price of gasoline is going to move suddenly from 80 cents a gallon to \$1.25 per gallon in a period of two months, then woe-betide this province.

**Hon. J. A. Taylor:** I don't agree, and I hope I never become as cynical in the carriage of that message to Ottawa, because I was, and am, completely sincere about what has happened.

**Mr. MacDonald:** I don't doubt your sincerity. The member for Halton-Burlington has revealed that he is really on your side.

**Hon. J. A. Taylor:** Well, just a minute.

**Mr. MacDonald:** Let me make my point. He has revealed that inevitably it's got to go up, we have got to accept it. In other words, he is stating federal Liberal policy, mainly that it's got to go up, and you have accepted it. Your rhetoric is fine. Sure, I've joined forces with you, but if I'm cynical, I'm cynical because I know you won't take any action. If you really want to protect the consumers of Ontario you freeze the damn prices.

**Mr. Reed:** Just a little self-defence here. I'm not stating federal Liberal policy. I'm stating common-sense observation.

**Mr. MacDonald:** The province of Ontario operated for years on power at cost in Hydro. They said: "Chase yourselves in the United States, where you want to do it privately and have higher costs. We are going to have the advantage of power at cost." We have built the industrial base of this nation, half of the manufacturing of this country, in good part because we had power at cost. We are now violating that policy; we are now jettisoning that policy; we are going to escalate our prices to the world prices, and destroy the natural advantage we might have, and the government is unwilling to do anything about it.

**Mr. Reed:** Do you consider it a natural advantage when this year is the first year we have had a net energy deficit in Canada? Up until this point, we have had a net energy surplus. We started with a petroleum deficit two years ago; now it's moving into the total energy picture. I think that's a reality that

you have to include when you are making any kind of decision about that sort of thing.

**Mr. MacDonald:** The government in Ontario and oil companies in the producing provinces know that you won't buck their position. Until you are willing to buck their position you can have all the rhetoric in the world you want, but you know when you have an agreement to keep the price at the present level they have the power to increase it, and you know when you walk out they are going to increase it. So cut out the rhetoric! Forgive me if I'm being cynical. If you are not willing to do anything—

**Hon. J. A. Taylor:** I won't forgive you for being cynical. Julian I would, but not you, Donald.

**Mr. MacDonald:** You are providing me with a solid basis for my cynicism because you are unwilling to back up your words with deeds.

**Hon. J. A. Taylor:** Just a minute. Let me carry on, if I may. The point remains that sure, I think we have to acknowledge that prices are going up, but I frankly don't believe that because there is an international cartel in oil, that we should create a domestic cartel to emulate that foreign cartel.

**Mr. MacDonald:** Hear, hear.

**Hon. J. A. Taylor:** I have made my position abundantly plain in Ottawa and wherever I can. If the object of the exercise—not only in Ontario but in Canada—is to ensure a secure supply of energy for Canadians, let's forget about provincial boundaries for a moment, if we are going to ensure a secure supply of energy for Canadians, we are going to have to develop our own resources. I don't care whether those resources are in Newfoundland, Nova Scotia, Alberta, British Columbia or any other province.

**Mr. MacDonald:** Or in the manure piles of the province of Ontario.

**Hon. J. A. Taylor:** Or in Ontario, that's right.

**Mr. Reed:** We hope in the manure piles of Ontario.

**Hon. J. A. Taylor:** Absolutely. What I am saying is the moneys of the consumers of this province that are being paid for energy should be turned into developing a secure supply of energy for Canadians, not exporting those dollars to develop foreign nations.

**Mr. Reed:** Tremendous, but you can only develop what you have. Now that we are in a net deficiency position, then we have one of two alternatives, as I am sure you well understand. The one is to import the



balance of our deficiency from somebody else who may have it; and the other is to develop the alternatives ourselves.

All the evidence shows we will not be developing tremendous amounts of, for instance, traditional petroleum sources. You know the results of the drilling that's gone on, for instance in the Mackenzie Delta. You know the fact that this relatively low-cost petroleum, in terms of Canada, is rapidly coming to a close. Our base is going to gradually—or rather quickly, I suppose—move from the traditional kind of crude we are taking out of the ground at low cost to the kind of crude that costs us more, as a matter of fact, than the OPEC price at the present time.

**Hon. J. A. Taylor:** No, on current prices I would start to quarrel with you. I think those initiatives can be taken, in terms of conventional resources, because we do have the tar sands, we do have the heavy oils, we do have the conventional wells that we could work on and get secondary and tertiary recovery from. We do have the federal lands.

I said to Ottawa, and I wish Donald MacDonald was here, but I said, "Look, the frontier lands are federal lands; surely the federal government has a role of trustee for the people of Canada, for all Canadians, including those who live in Ontario as well as those who live in Alberta and all of the other provinces. If you are extracting these kinds of dollars from consumers, those lands should be developed as well." You know, we have 75,000 holes punched in Alberta, and about 300 in the frontier lands. That's hardly a daring policy in terms of developing the Canadian resources.

Furthermore, under The Petroleum Administration Act, it's abundantly plain there, as a matter of fact it is set out in that legislation, that the federal government must have due consideration for the consumers in fixing price, in agreeing to price, as well as the industry and producing provinces.

**Mr. Reed:** But you are making the assumption that it's there. You are making the assumption the petroleum is there, at relatively low cost, and before I am accused of being in bed with my cousins in Ottawa, at least in reading your latest publication—everyone in Canada is my brother and sister—I have spoken many times in the House about the desirability of taking at least a proportion of that increase now, and putting it where we know we are going to get the answer, where we know the hole isn't dry when we drill it, and that's in renewable resource development.

[5:15]

**Hon. J. A. Taylor:** Well we'll get to the renewable area, but let's talk about what's being extracted from consumers in regard to purchase of non-renewable resources. Let's look at the recycling of those funds within a closed system to develop our non-renewable resources and renewable resources. Look at the revenues coming from the latest increase, the latest round that was announced by Mr. Gillespie. He announced on July 1 a dollar increase, effective January 1, 1978. Then in the next six months there will be another dollar and then another dollar six months after that. That will take, at current dollars, about \$1.3 billion out of Ontario's economy.

I want to get into this in a minute in connection with the points on the insulation program that Mr. MacDonald raised, but at the same time as we get the announcement on an insulation program that is going to put, in the first two years, about \$190 million into Canada—not into Ontario but Canada—at the same time in those two years, they will take out of Ontario in regard to the additional costs, about \$1 billion. Let's keep those things in perspective.

You ask what are our initiatives: What I am saying is it should be a closed system so that the money that is extracted from consumers in connection with higher prices of oil and gas should go back into the system in terms of ensuring a secure supply, conservation and non-renewable, as well as renewable resource development.

**Mr. Reed:** I'll go along with you there. The point is it will never be a closed system until you close the gap that is opening up regardless of the development of petroleum resources. That gap is opening, whether we like it or whether we don't, in the area where we are going to have, if you like, a closed system, which economically is very desirable.

**Hon. J. A. Taylor:** When I am talking about a closed system, I am talking about accountability and accounting in terms of the energy dollar, that is what I am really speaking about. Instead of putting your dollar into the consolidated revenue fund, where you don't know what is maybe trickling out to secure supply, I think there should be an accounting of those dollars.

**Mr. Reed:** Like Wintario.

**Hon. J. A. Taylor:** Let me talk about Syncrude and our initiatives there. To me that type of initiative is a real solid, constructive initiative by this province and Alberta, which was involved as you know, and the federal government, through Petrocan to ensure that Syncrude project went forward. As you know,



Ontario picked up a part of the Atlantic Richfield's position, five per cent. Alberta picked up 10 per cent. The federal government picked up 15 per cent, for a total of 30 per cent of that project.

That is now more than 75 per cent complete. Next spring, oil will be flowing there, probably initially in the area of 40,000 barrels a day, and then in 1981 probably 125,000 barrels a day.

**Mr. Reed:** You obviously must have the same kind of information that I get. How accurate or inaccurate it is I don't know. With Syncrude running flat out and with Great Canadian Oil Sands running flat out; with what has been developed in the north with the Cold Lake heavy oil being brought on stream; with all of those things being put in gear we still won't have a closed system, and we can't have one simply with non-renewable energy.

**Hon. J. A. Taylor:** That is not the closed system I am talking about. What I am talking about when I mention a closed system, if we are going to accommodate, whether we like it or not, through federal policy a domestic cartel which is going to ensure that the cost of domestic oil and gas approaches world price, what I am saying is that the windfall profits from that—and most of it is in terms of government royalties and taxes—those moneys should be used to secure supplies for the future generations of this country. That's what I'm saying; but I'm not satisfied that that's happening.

What I mentioned Syncrude for is to demonstrate that we can take initiatives, and this province has been involved in an initiative that will demonstrate the viability and the economics of developing, not just one Syncrude plant but a number of Syncrudes, in order to ensure that we keep oil coming out of the tar sands. I'm not suggesting that the government of Ontario or other governments start developing a portfolio of companies that are going to get into the direct production of oil. What I'm saying is that through our efforts we can demonstrate, and are demonstrating in conjunction with the industry where the experience and the technology is, the feasibility, the economic viability of that type of project. The oil will be flowing from that. We will be making a profit on our investment in that activity.

**Mr. Reed:** I'm not trying to—

**Hon. J. A. Taylor:** We should encourage others to get into that so that we can get more and more of that oil coming from the tar sands.

**Mr. Reed:** I'm not trying to demean the importance of Syncrude at all. As a matter of fact, Syncrude is incredibly important to our total energy package. But I suggested in my opening gambit that when the cost comes through, the actual real cost of tar sand crude, we will suddenly find that in Ontario things like alternative forms of energy such as methanol, if you want to use one form, become very interesting economically. If you want to talk about the business of closed systems and the business of recycling at least a portion of your energy dollar inside the borders of the province, that's the way the province of Ontario is going to be able to do it.

**Hon. J. A. Taylor:** Okay, I've indicated the thrust that we've taken in that direction, but remember that it's not simple. You can say, well, a gallon of methanol is worth half a gallon of gasoline on a Btu basis, or roughly that, so that all we have to do is have gas at \$1.50 a gallon and then we can put methanol in. But it's not that easy, because when you're talking about another fuel, you're talking about the automobile industry to start off with, which we have to be involved with. You have to develop an engine that will accommodate methanol—

**Mr. Reed:** Yes, but you know, look—

**Hon. J. A. Taylor:** —unless you want to run the cars that run in the Minneapolis 500.

**Mr. Reed:** These technologies were well in place in the 1920's. As a matter of fact, methanol was used to a great extent before gasoline. We talk about the so-called problems connected with its usage; the only problems that determine the utilization of these things are the bucks and a little bit of profit for a company that goes into the business. So don't tell me that it's necessary to redevelop an engine in order to burn methanol. It sure isn't.

**Hon. J. A. Taylor:** No, I'm not looking for problems. What I'm saying is that you just can't roll up to the station and fill up the car you're driving now with methanol.

**Mr. Reed:** You could if there was a demand for it.

**Hon. J. A. Taylor:** Well, okay—

**Mr. Reed:** The facility would be very quickly in place.

**Hon. J. A. Taylor:** Maybe you would be interested in some of the material, the technical stuff and studies on it, that are coming out of our committee. As I mentioned, the delivery system has to be put in place. You don't want to drive 100 miles to fill up with methanol.

You've got to ensure, again, a security of supply of methanol—

**Mr. Reed:** But I'm sure they were saying these same things when the first filling stations went in.

**Hon. J. A. Taylor:** Okay, I'm not being—

**Mr. Reed:** "You'd better keep driving the horse because you won't be able to get gas for the next 40 miles."

**Hon. J. A. Taylor:** Please, please. I'm not being negative, I'm just saying that implicit in all of these solutions are problems that have to be overcome. There is no simplistic solution to them. That takes research; it takes a great deal of thought; and it takes time, besides money, before you put something like that in place; and I'm saying we are going down that road to demonstrate the feasibility of it.

But that's just one area. The other area—we say, "What are you doing?" I wish that Donald MacDonald were here, because I'm being accused of rhetoric without action.

What I'm saying is that when we look at the frontier lands—and let's not write off the frontier lands, let's not write off the northern part of this province, let alone the northern part of Canada, because we are pursuing the lignite deposits in the James Bay lowlands. In the Baffin Island area and the eastern Arctic, we have demonstrated that there is a great deal of natural gas there. We had estimated something in the area of 16 trillion cubic feet; that has been revised to about 12 trillion cubic feet but, at the same time, that is a substantial amount of gas.

The province's involvement as one of five and, I believe, at one time, six participants in the Polar Gas project was to determine the technology, taking into consideration again the environmental and socio-economic impact, of routing a pipeline from the Arctic Islands to southern Ontario to feed Ontario. I am also sure the pipeline will help as it goes through the province—you are interested in the route of that, I know, and so is Jack Stokes—in terms of what it may do for parts of Northern Ontario as well.

We are on the ground floor there and we have put in a considerable amount of money; I think we committed ourselves to about \$10 million, although it looks like probably \$16 million. But we are in a position to make application to the National Energy Board in terms of a submission for a pipeline route to take that natural gas from the Arctic.

These are real initiatives; it's not more reports, more committees, more speculation and more rhetoric. They are initiatives to ensure a secure supply of energy for the

people of Ontario. I just want to make that plain.

**Mr. Reed:** Nobody denies either that we will probably need it.

**Hon. J. A. Taylor:** But these are initiatives and these are part of the things that we are doing.

Getting back to Ottawa and what was said earlier by the acting New Democrat critic in connection with oil and gas pricing, insulation and so on, our position was made clear. I have reiterated that the current economic situation is just not amenable to jacking up the price of oil and gas to where its going to further inflate the economy, where it's going to hurt the people first who can afford it least.

You have heard reference to putting on a couple of sweaters and the crisis of "Soak them. Sock it to them. The more you soak them the more they are going to conserve." I don't believe in punitive pricing, because you reach a point where you have your thermostat turned down, maybe to 65, you may be huddled in a sweater or two and a shawl, and somebody says to you: "If we put the price up some more, we can make you use less." Everybody has to cook their food and heat their homes, and I just feel that you reach a point where you cannot tolerate further increases because it hurts the people most who can afford it least.

[5:30]

**Mr. Reed:** Mr. Minister, I agree that what you call punitive pricing is not a viable technique to encourage conservation or to curtail use of anything. As a matter of fact, we debated that the other night in the House on the tobacco tax. Some of the arguments being put forward were that the raising of the price through increased tax would reduce the number of smokers, which is a lot of nonsense. We know that.

We know that simply raising the price of hydro to encourage conservation does not work. It might work temporarily but when people get used to it and they adjust to a slightly increased portion of their income going to energy, then the old ways begin to come back and so on.

What all that says—and that is perhaps recognized by the feds, but I have no way of knowing it or not knowing it—is this that it's not the business of pricing to encourage conservation that's important here; what is important is to avoid the extreme wrench that may very well take place around 1980, 1981 or 1982 if we do not allow a certain equalization. Otherwise, people might be going out to try to buy some southern Alberta



oil at a lower price as opposed to tar sand oil at \$20, and the ensuing chaos would hurt the economy of Ontario simply because we are so dependent on the importation of energy.

**Hon. J. A. Taylor:** You will recall that it was 1975, when John Turner was the federal Minister of Finance, and there was the imposition of an excise tax of 10 cents a gallon on gasoline at the pump. The professed reasons for that were two; one was to effect conservation and the other was to provide a fund for the equalization of payments for imported versus domestic oil prices. If you look at the results of that move, that 10 cents a gallon hasn't affected the consumption at all. From a conservation point of view, people adjusted to the price. But it has provided hundreds of millions of dollars to the federal government in terms of revenue.

**Mr. Reed:** To equalize the prices.

**Hon. J. A. Taylor:** No, I'm talking about the surplus that is there. What I'm saying is that that money, in my estimation—I'm answering your question in regard to pricing and conservation as well as trying to make the point that while we adjust to higher prices rather than have a shock treatment when the axe falls—and I think that is the type of thing that you are talking about—if we are suffering increased prices, then we should be using the surplus funds to secure our future in terms of supply.

**Mr. Reed:** Agreed, and I hope that you are making the strongest appeal to the federal government to utilize those funds in that manner and to apportion at least a significant part of it to the development of renewables. I think I said that earlier.

**Hon. J. A. Taylor:** I want to deal again with a point that was raised by the New Democratic Party critic in connection with the insulation program and the provinces working together so we can develop a national insulation program that is going to work across Canada and will be able to dovetail or mesh with provincial initiatives in this area.

I don't believe in the confrontation that has been suggested by Donald MacDonald—and I'll deal with that in a minute too—in terms of straightening our backs and starting to show some strength; we're not just going to rattle sabres, we are going to act. The fact remains that just prior to the last conference in Ottawa on oil and gas pricing—I think it was five days prior to that conference I was asked to submit provincial initiatives in terms of a conservation program,

which presumably would include insulation as well. This we did.

We have had an active program, as you know probably from appearing before the previous estimates committee, and prior to a year ago, prior to my being minister, we shared that information with them. I may say, in looking at and comparing what was submitted across Canada by the other provinces, there is no question that Ontario has led the way in this regard, including federal initiatives. On the morning of that conference I read in a newspaper in Ottawa a little squib about the federal government going to announce a \$1.5 billion insulation program. That was what I got out of it. It looked to me as though the federal government was going to introduce some kind of an insulation program. It was in the Montreal Gazette that I read that.

When I got to the conference table, I said: "We have given you what our initiatives are. We have been co-operative; on a staff basis, throughout the year, we have shared this information. What are the federal initiatives in this regard?" And of course, there weren't any. That was not on the agenda.

It transpired that really there wasn't time, at a pricing conference, to talk about conservation. I was anxious and suggested we should have a conference on conservation to explore these initiatives.

We have done a lot in Ontario. The federal government was involved directly, as you know, in Nova Scotia and Prince Edward Island in connection with the funding of a conservation program there.

Let's compare their experience and the problems. As you know the insulation incentive was \$350. Let's consider whether that is sufficient to conserve what we hoped for. It is okay to say to a person he is going to save up to 36 per cent—I have heard as high as 38 per cent—of the cost of his heating bill by proper insulation, when all the person can get is \$350 and can only insulate part of his house because he can't finance the rest of it.

What is the experience in those other two provinces? What is the experience in terms of the administration of that program? Do you have bureaucrats climbing through the attics of the nation to inspect the insulation and to tell you how much more insulation you should have? Now you have got federal bureaucrats as well as provincial bureaucrats. Should there be one system?

I was hopeful that because of the different initiatives in different provinces we would be able to get together, to share our experiences and come up in a co-operative effort



to develop a national program that would enhance the objectives of all of us, which would surely conserve energy and at the same time make a financial saving to the consumers of that energy.

We did not experience that, and my reaction was why didn't we have a conference?

It is okay to say never mind the rhetoric, but I got a phone call from the federal minister advising me of an announcement that was going to be made. Since then I have had a great deal of correspondence and Tel-exes, not only with the federal government but with other provinces, which have indicated they are not completely happy, and I put that in as pleasing a light as possible, with the federal initiative.

Mr. Reed: How would you see the federal initiative improved?

Hon. J. A. Taylor: First of all, as I have indicated, what came down first was an initiative of \$350, plus a number of conditions, about five conditions. Those conditions were: that the improvements to the home, in terms of insulation or weatherproofing, would not be assessable for municipal tax purposes—which is of course completely provincial jurisdiction. Next that there would not be any bulk metering of electricity or gas.

Mr. Reed: That's achievable.

Hon. J. A. Taylor: Gas is a little tricky.

Mr. Reed: Yes, it's a little harder, but electricity is certainly achievable.

Hon. J. A. Taylor: If you have an apartment building with bulk metering of gas and one gas furnace, it could be tricky to put in 50 more individual gas furnaces, and meter them separately.

Mr. Reed: My interpretation was that it was on new buildings, it was not on old buildings.

Hon. J. A. Taylor: That's not what I was informed of. What I'm saying is that all of this would apply, initially in Ontario, to pre-1921 houses or buildings to start with.

Mr. Wildman: What is your position on this?

Hon. J. A. Taylor: Just a minute. The third thing was that we would reduce our speed limit, or at least come to a common speed limit. We'd already done that.

Mr. Reed: We've already done that.

Hon. J. A. Taylor: I'm not arguing whether or not these are good or bad, I'm just saying what these were, because Alberta's responses were: "What has speed limit got to do with insulation?" That was insulation.

The next matter was the building code; we would have to have building code stan-

dards. As you know, we had a new building code that was implemented in 1976, as I recollect. We probably had the highest standards in Canada, but there was some reference to the new National Research Council standards, which again in some areas may be even higher, which again would have some impact on the building industry without consultation with them and what it meant in terms of their programs in construction. It seemed rather precipitate to jump to fulfil those.

The last condition, of course, was the question of the sales tax. You would not have a provincial sales tax on this material.

Mr. Reed: We've already met that.

Hon. J. A. Taylor: Okay. Again, surely, the object of the exercise is not to get into technical arguments as to whether you're usurping provincial jurisdiction and this kind of thing. I guess if we're trying to get a national insulation program in place then we would have to deal with all of the provinces. Some provinces are more jealous of their provincial jurisdiction.

Mind you, I don't want to discount provincial jurisdiction, because you can effectively change the constitution of this country through action and programs without taking the formal process of a constitutional change through legislation. Some provinces are very conscious of this. I think the province of Quebec would be very conscious of that. I think Alberta, in terms of its constitutional rights in regard to its natural resources, oil and gas, is very conscious of its jurisdictional rights. From a Canadian point of view, in Ontario we've always tried to accommodate, where possible, programs that would benefit the people of Ontario.

All I'm saying is that these are the conditions. There are others, such as in Ontario it would only apply to houses built prior to 1921. The \$350, of course, would be taxable for income tax purposes and most people who own homes pay income tax. That meant that probably 70 per cent of our housing stock wouldn't be included initially. You kind of wonder just how long it's going to take—it's a seven-year program—in order to accomplish something that we really have to get working on, and that is the saving of energy.

The point that I'm making is that to me the constructive and positive steps would be to call a conference of energy ministers with our support staff to work out the technical and administrative problems so that we can devise a national program of national initiatives in which all Canadians can participate,

and that would dovetail into supplementary programs that the provinces might have.

[5:45]

**Mr. Reed:** Have you suggested improvements to those conditions and so on to the federal minister; and has he responded to this date?

**Hon. J. A. Taylor:** We have had an exchange of correspondence and Telexes on this, but the flexibility so far has been in deleting the condition that these improvements not be assessed for municipal tax purposes. That has been put into another category that has been created, that is desirable things to be done but not mandatory as a condition of participating in the program.

**Mr. Reed:** Let us assume the federal government is undertaking this program with the best of intent, that is, obviously to make every individual and every government aware that energy cannot be confined to one or two items, that energy conservation is a very broad field and so on. They are trying probably to do more with an insulation program than simply improve insulation. There is the speed limit thing and all the rest of it.

It seems to me sort of reasonable that the federal minister could be approached and some of the facts of life explained to him regarding his conditions, and have him either change it or whatever.

The other thing that comes up is what does the provincial government propose to do to enhance that program, considering that it could be possibly negotiated into viability? If it couldn't be, what about the province's own program which could create employment, which could conserve energy; and which would not necessarily raise the cost for the next few years to homeowners but ultimately reduce it and so on? Where do you stand on that?

**Hon. J. A. Taylor:** This matter first came up, as a matter of fact, between the first conference in the spring and the second meeting in the spring in connection with oil and gas pricing. In other words, it wasn't a matter for discussion around the agenda when we met initially in the spring to discuss oil and gas pricing.

In between that discussion, which we carried over to continue those deliberations, this request came through from the federal government in connection with provincial initiatives, in the conservation area. What we had been doing, was working on what we called a fuel-saver loan program for Ontario. Because of this matter coming out at the second meeting in Ottawa on May 11, I thought it was premature for me to unfold or release what we

were working on as a matter of ministry policy, and ultimately hopefully government policy, in implementing our own program because I hadn't taken it to cabinet.

These unilateral initiatives were obviously being considered at the federal level, although when I pursued that there I found it was just a notion. There was no discussion of a federal program or proposal and no detail. I pursued that to see if there were, but there was nothing at that stage at that conference. When you are talking about co-operation, co-ordination and communication, they just weren't available.

What I was trying to get at was because of the initiative that was apparent to me on the part of the federal government, I thought it might be wise to let them know that we had been working for some time on a provincial program so that they would at least consider that. It might be helpful to them, if they are talking about a national program, to consider all of the work we had done which we expected would make insulating of homes possible for everyone. In other words, finance up to the point where everyone could properly insulate their homes and effect the savings that were being touted, that is up to 36 per cent—and I have heard as high as 38 per cent—of your fuel bill. That was a premature release and I confess that, but I thought it was important to risk that in order to have them at least consider it.

What we proposed was to provide, through the conventional banking system, government sponsored loans that would provide for a subsidized interest rate. We figured you could achieve five percentage points of saving in terms of interest through this system, and initially we thought for \$5 million we could lever about \$100 million of financing to people who wanted to borrow that money to insulate their homes, and the pay-back period would probably coincide in terms of the recovery of savings. On further review, we are closer to the point where \$1 million would probably be adequate to do that.

What about the person who can't afford to borrow anything? We have in Ontario, as you know, a home renewal program, OHRP. That program covers people up to incomes of \$12,500 and, with the inclusion of insulation, it provides as well for a forgivable part of the money and favourable interest rates for the balance.

So there is that flexibility, and it is administered through the municipalities, where I think there's a sensitivity and awareness of the people who may need it. We were trying to cover the whole income spectrum, and to show some leadership and initiative



in getting people to insulate regardless of what your salary may be. I mean we want to make sure you save energy.

Mr. Reed: Presumably any program like that would not necessarily need to cost a nickel more if it is based on the fuel consumption vis-à-vis the fuel saving, regardless of whether it's through the home renewal program or whether it's through a straight loan.

Hon. J. A. Taylor: In terms of pay-back, you would get it in fuel saving.

Mr. Reed: Yes, it would seem to me the pay-back should be geared as closely as possible to offset the saving. Then once that time had elapsed, whether that be three years or five years or whatever, then the real saving in terms of actual dollars begins to the homeowner.

Hon. J. A. Taylor: Mind you, with the—

Mr. Stokes: You have to have the borrowing power to effect a saving.

Mr. Reed: Except that the government presumably would provide that borrowing power by guaranteeing the loan.

Hon. J. A. Taylor: The government initiatives in sponsoring those loans would enable people—

Mr. Reed: Who otherwise would not be able to borrow.

Hon. J. A. Taylor: That's right—to do that. There is always a concern, of course, with the escalating price of energy—

Mr. Reed: That's relative though, isn't it?

Hon. J. A. Taylor: Yes, it's relative; but what I'm saying is that you're saying they would have to pay more anyway, they still have to pay the money back. But they are going to effect savings in overall consumption. You asked me what our initiatives were, what we would do, and I am suggesting to you that was what I had in mind. Something was developed in the ministry, and it is currently before cabinet as a matter of fact.

There was one other point from Mr. MacDonald that I had to respond to. It was on the question of the Mackenzie Valley pipeline. Again, there has been some suggestion of ambivalence on the part of my ministry, certainly not on my part, because if there is one thing I've been, it's unequivocal.

Mr. Reed: Simon pure.

Hon. J. A. Taylor: I don't like the expression "Simon pure," but consistent; and I've never been accused of lack of candour.

Mr. Reed: But the inconsistency of your ministry on that subject is something to behold, it's really incredible.

Hon. J. A. Taylor: In fairness to the staff of my ministry, I pursued that very carefully to see whether or not there had been a backing of any particular route.

Mr. Reed: What about the rate-basing bill? My goodness, I was lobbied between here and Queen Street.

Hon. J. A. Taylor: I won't mention the member of your party who was probably doing the lobbying.

Mr. Reed: No, it wasn't a member of my party.

Hon. J. A. Taylor: Well, I'm surprised at that.

Mr. Reed: The fact is that during those months, a bill was brought in that died on the order paper.

Hon. J. A. Taylor: Bill 109.

Mr. Reed: Yes, and it was intended to support the financing of one particular pipeline. Was it not designed to finance the construction of a pipeline? That's what all the lobbyists told me.

Hon. J. A. Taylor: I have reviewed the bill, but first of all let me make it plain that any intervention that has been made by my ministry in any of these hearings has not been to support a particular company or a particular route. The object of the exercise is to ensure the interests of the consumer in Ontario are protected.

Mr. Reed: But you do concede that you have supported a pipeline.

Hon. J. A. Taylor: No. What I am saying is if there is going to be a pipeline—for example the current recommendation by the National Energy Board—the fact that you would have the Dempster hook-up would ensure we got gas when needed from the Mackenzie Delta area. It is that type of thing, to make sure that we don't get left out in the cold, so we get gas—

Mr. Reed: Literally and figuratively.

Hon. J. A. Taylor: So we won't then be in a position in which there's no transportation of that energy to Ontario. That's the type of thing we are interested in, and we have been consistent on that.

In connection with that bill, there was no mention—I don't know what might have been on your mind or what lobbying you might have suffered—but there was no intention whatsoever of permitting the gas companies—and I am talking about the three distribution companies in Ontario—to invest in a particular pipeline. The philosophy of that bill, as I understand it, was to enable utility companies



to invest in transmission systems, or pipelines, that would ensure—

**Mr. Reed:** In an extraordinary way, yes.

**Hon. J. A. Taylor:** —that they got gas into their systems. What troubles me about that—and you have asked me this in the House, and others have asked me, formally and informally—what troubles me about that is that all of that must reflect in the price to the consumer when he buys his natural gas. I am very reluctant to see gas companies finance the purchase of other investments through utility rates. It is for that reason that I have not even mentioned, let alone suggested, the introduction of that bill.

**Mr. Reed:** The ministry's position has obviously changed.

**Hon. J. A. Taylor:** I don't know what the ministry's position was; I can't find that out.

**Mr. Reed:** I don't know how many ways I can say it.

**Mr. Chairman:** Time has expired. Can we consider opening statements are concluded, Mr. Minister?

**Hon. J. A. Taylor:** If you would permit me to put a period at the end of that sentence so that in the record it would look at least grammatically correct.

**Mr. Chairman:** All right. Vote 1901 is supposed to be freewheeling and the minister said he would answer all questions. If you would like to come back, Mr. Reed, and fire some more questions at him, feel free to do so.

The committee recessed at 6 p.m.

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# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Energy



**First Session, 31st Parliament**

Wednesday, July 6, 1977

Evening Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC

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## LEGISLATURE OF ONTARIO

WEDNESDAY, JULY 6, 1977

The committee resumed at 8 p.m.

### ESTIMATES, MINISTRY OF ENERGY (continued)

On vote 1901, ministry administration program:

**Mr. Pope:** Mr. Chairman, I have some questions on the operation of Ontario Hydro and since I've been told that this comes under the heading of ministry administration, this is probably the appropriate time to ask these questions. They will probably indicate to many of the people here present that this is my first term in this House but, nevertheless, I'm going to continue to ask these questions.

I come from an area of northern Ontario, as do my two friends across the way, where you can count the number of homes built before 1921 on one hand. So much for the federal government program as it's presently perceived in dealing with the area of the country that really needs it.

I also come from a riding where the questions that I've heard most during the campaign—and I hope you won't mind me using these terms—were: "What the hell's going on with Ontario Hydro?" because of the sizable increases in electrical cost. In my own home, which is a two-bedroom bungalow in Timmins, I pay between \$150 and \$175 a month and I know that is low in comparison to some of the costs that other young couples are faced with.

I consider this to be one of the most crucial areas of this ministry and, insofar as it does come under in a general way the ministry administration, there are questions that would like to explore, including the relationship between Hydro and the Ministry of Energy. I would ask, what is the nature of that relationship? In what way is there communication between the ministry and Ontario Hydro? In what way is there communication between officials of the ministry and officials of Ontario Hydro?

**Hon. J. A. Taylor:** Mr. Chairman, possibly, first of all, I could ask Mr. Gordon to come forward. He is the president of Ontario Hydro. He may wish to contribute something to this discussion. Ontario Hydro is a Crown

corporation and The Power Corporation Act under which Ontario Hydro operates is one of the Acts under the jurisdiction of the Ministry of Energy. So Ontario Hydro, in terms of a reporting process in regard to policy matters, operates through its board of directors reporting to me as Minister of Energy and, of course, I work with the cabinet and government. In very brief terms, that's the general relationship.

You touched on a couple of matters there, one of which deals with the area of rates. I suppose what you're asking for is an explanation of why there has been such a dramatic increase in terms of hydro rates during the last six months or a year. Is that what you asked?

**Mr. Pope:** Yes, I have questions that will get into that. My specific exploratory question right now is getting into the matter of whether or not you, as the minister, would overrule a decision of Ontario Hydro; and if your ministry officials disagreed with the policies of Ontario Hydro whether or not those officials could overrule Hydro? I just want the nature of the relationship, or communication, between Ontario Hydro and your ministry.

**Hon. J. A. Taylor:** Certainly, I guess in the final analysis. For example, if you're talking about expropriations of transmission line sites, when you get into the financial aspects of the capital program then, of course, there is that responsibility through my ministry to government. So there certainly is that relationship.

In terms of rates, the proposal is made by Ontario Hydro for an increase or adjustment in rates. That is referred by me to the Ontario Energy Board where the public hearing is held and, of course, anyone can participate in those hearings.

The report of the Ontario Energy Board would come back to me, but I don't have jurisdiction from a legal point of view, as Minister of Energy, to vary those rates. That determination really would be made by Hydro, subject, of course, to the fact that the cabinet would appoint the directors of Ontario Hydro, so I am not saying there isn't some influence or persuasion at that level.

Is that a diplomatic way of putting it, Mr. Gordon?

**Mr. Gordon:** I think that's a fair statement.

**Mr. Pope:** If I can use another example: For instance, you have detailed earlier some of the positive measures that the ministry has taken in the field of exploration and development of alternative energy sources. Would that exploration and development be in conjunction with exploration and development also being carried on by Hydro, or would Hydro have any role in that at all?

**Hon. J. A. Taylor:** Oh yes, indeed, Hydro does and will no doubt have an active role in terms of initiatives such as those we mentioned before the break; especially the relationship of those initiatives in terms of, say, discharge of hot water from its plants, utilization of hot water and the proposals that would come forth. Again, the Kincardine project was mentioned.

Hydro is also taking initiatives in terms of some research, I believe, in the solar field. Mr. Gordon, it may be that you would like to amplify what your corporation is doing in that area.

**Mr. Gordon:** Yes, some of the work that we're doing in connection with solar heating, particularly in connection with solar heating for hot water, pertains to a large extent to the effect of that on our system. How is this going to impact on our system and on the rates that might flow out of it? We've had quite a long history in the hot water heating field and have a lot of data, so this enables us to do some research in that area which really complements what is going on in the Ministry of Energy. We are looking at it from a little different perspective though.

**Mr. Pope:** Right, that is what I wanted to get into. What is the difference in perspective and is there a duplication of research that is being paid for by both Hydro and by the ministry?

**Mr. Gordon:** No, I wouldn't say there is a duplication. As I say, we are looking at it from a little different point of view to see the impact this might have on our system. For example, as I am sure you are aware, when you get into solar heating, you either have to have a large amount of storage in connection with it to make it effective or you have to rely on the electrical system to come to your help when the sun isn't shining. These are areas that we have to look at to see what the impact might be on the system by the installation of solar heating, and

I am referring particularly to water heating here.

**Mr. Pope:** What would the budget of Ontario Hydro be, for instance, in terms of research as compared to the budget of the ministry?

**Mr. Gordon:** I wouldn't have it broken down in that particular area. It would be much larger than the ministry's budget, because we have a very large research establishment in connection with the total Hydro operation.

**Mr. Pope:** At what stage is the ministry's research dovetailed into Hydro's research or handed over to Hydro?

**Hon. Mr. Taylor:** I don't think it's a question of handing something over to Hydro. The ministry is responsible for the overall policy in terms of the direction we are going to go. Any initiatives that Hydro takes, we would be aware of to ensure that there is that co-ordination and that there isn't duplication, so we are working together in that. There is a sharing of information in that regard.

[8:15]

**Mr. Stokes:** They're both in hot water today.

**Mr. Pope:** The reason I'm getting into this, just by way of explanation, is that Mr. MacDonald, a man who has had much experience in this, left me with the impression that Hydro's role was to generate electricity and distribute it. If I recall correctly, that's what he said. I'm trying to find out what other roles Hydro performs in light of his comment. I'm not trying unnecessarily to create problems. I just would like to know because the impression I was left with is something other than this.

**Hon. J. A. Taylor:** Again if you're talking about roles, if you're generating electricity, you have to be mindful of the fact it's a very complicated process. It's a sophisticated, manufactured product. People take electricity for granted—just flick a switch and something happens. I think that is the point that has been made by Mr. Reed. In terms of utilizing electricity, we use a sophisticated manufactured product to heat space for space heating when some more economic or simpler mechanism could be used—a less costly mechanism or device could be used.

When you get into that type of manufacture and when you look at how the fuelling is done then you're into the area of coal, gas, uranium and water. You're into areas where you have by necessity research and develop-



ment. Ontario Hydro has worked very closely with Atomic Energy Canada Limited in terms of the development and operation of the Candu reactor which is famous world-wide. You have a great deal of research going on all the time in different directions.

When we talk about utilization of solar heat for hot water, then by necessity Hydro maybe is going to have to measure the impact of that on its requirements. People aren't brave enough yet to cut the wires and be able to assume because they have what they consider a self-sufficiency in electrical supply they're not going to need the backup of Hydro. So there are concerns in that direction.

I'm not aware of any duplication of effort but the avenues are great. In other words, it's easy to say all you have to do is produce electricity. What I'm saying, and Mr. Gordon can develop this, is that's easy to say but it's very involved.

**Mr. Pope:** Who is paying for some of the experiments or new modes of heating you described earlier? Is that being paid under the Ontario Hydro budget or is it being paid under the ministry's budget?

**Hon. J. A. Taylor:** New modes?

**Mr. Pope:** You talked about solar heating and some of the new apartment developments that were taking place.

**Hon. J. A. Taylor:** In terms of the actual construction, that would be for the physical plant. If it's Aylmer where we're talking about senior citizen housing units, that would be financed through Ontario Housing Corporation and there would probably be federal moneys as well in the mortgage financing. What we would supply through our ministry would be the technology and the advice in terms of utilizing solar for the heating of that complex. But the financing would be in the normal way with possibly some supplemental funding from us.

**Mr. Pope:** Is Hydro's research on the implementation of these different systems that have been researched handed over to the ministry and the ministry then puts in the devices? Who bears that cost?

**Hon. J. A. Taylor:** That wouldn't have been Hydro, I don't think. Mr. Gordon, were you involved in the Aylmer project?

**Mr. Gordon:** No, we weren't. As I said, the research we're doing out at our lab is more tuned to the impact of this new device on our system, both from a rate point of view and also from a system point of view. We're trying on experiments to see, in effect, how

solar-water heating works and how it would impact on the system. That information would be available to the ministry too, but I don't think their interest is quite along that line. That's why I say I don't believe there's duplication.

**Mr. Pope:** What do you mean by impact on the system?

**Mr. Gordon:** It's just what I mentioned before or somebody mentioned this afternoon. I think it was Mr. Reed. You're working with a very diffuse source of energy when you talk about solar. Most people are of the opinion that it won't be used for central generation, at least for some time in the future. Therefore, it will be used by individual customers. They'll put in a solar heating panel or panels either to heat their homes or perhaps to heat hot water. Heating hot water is a very good application because it's a year-round application as against heating of the home, which is a winter proposition.

What we want to establish is how this would impact on our supply, on our facilities out into the future. If you got a lot of this type of heating on the system, how it operates and how it would impact back on to the system would concern us. For example, if an individual householder puts it in, he may not wish to put in the storage associated with it. Therefore, he's going to use it, as I mentioned before, when the sun shines. When it doesn't it's going to come back on to us. We would like to have some experience with it to see how it does impact on to the system. Is that okay?

**Mr. Pope:** Yes. I want to ask the minister if there is any indication of any change in the role of the ministry other than a suggestive role in terms of Hydro—for instance, rate applications and other policy decisions?

**Hon. J. A. Taylor:** No. I think in terms of the reporting relationship and the responsibility to government, it may be worthwhile to take a look at the ministry's submission to the royal commission on electric power planning. We have copies here. If you'd like a copy, maybe Richard Lundeen could hand these out. If you turn to page 38 and 39, there's quite a list of that relationship.

You'll notice the Lieutenant Governor in Council must appoint Hydro's chairman and directors and set their remunerations. The Lieutenant Governor in Council must appoint auditors and approve their fees. The Lieutenant Governor in Council must approve any postponement of sinking fund collection, and so on. It goes on for two



pages in terms of that responsibility. You can see what that relationship is.

I'm not aware of any change that's imminent in terms of that reporting relationship. At times, it may be necessary to better define at what point does Hydro communicate, say, with my ministry in terms of some initiative that it may be taking, if you're wondering about that. Naturally, there's always an area where you wonder, if you have a Crown corporation, where that corporation starts to dovetail or communicate with counterparts in government or the responsible ministry. We're trying to better define that type of thing.

**Mr. Pope:** I was wondering if I could get information on what the fuel costs are for Ontario Hydro and the method by which Ontario Hydro makes purchases. Also, I would like to know how they reach agreements for purchases, whether by coalition bargaining with other electrical or utility companies, and whether they reach the contract stage or just have verbal supply agreements.

**Hon. J. A. Taylor:** In terms of straight purchases, there are straight purchases of electricity from other jurisdictions; we could get into some detail on that. I believe the Quebec contracts are running out fairly soon. Ontario Hydro has canvassed 100 jurisdictions in terms of what supply may be available in order to utilize that potential if it's there. So there is that relationship. While I'm talking about that, I may say that we have a study currently going on in terms of all provincial representations concerning an overall national power grid; the object of the exercise is to enjoy economies in that area.

On coal, I'm sure Mr. Gordon can fill you in if you want details of Hydro's contracts. Most of the coal would be purchased from the United States, but long-term contracts have been negotiated with the western provinces of Alberta and, I believe, Saskatchewan, Mr. Gordon—

**Mr. Gordon:** And British Columbia.

**Hon. J. A. Taylor:** —and British Columbia, for coal. Again, that coal is more expensive. There was some concern in terms of security of supply of coal for the generating stations because of a change in posture that might take place in the United States in ensuring their own security first, so these initiatives were taken. Also it's a direction in terms of buying Canadian and again ensuring that security. Because of transportation costs, the Canadian coal actually is higher-

priced, but there is that relationship and it's a contractual one. What would that cover, Mr. Gordon? Would that cover 20 per cent of the coal needs?

**Mr. Gordon:** Yes, we buy about eight million or nine million tons now from the United States, and we have another contract coming in about a year and a half from now that will add another three million tons. We expect we'll build up to about four and a half million from the west in, say three or four years.

**Mr. Pope:** Is that national power grid going to replace the present grid system? What's the focus on that?

**Hon. J. A. Taylor:** Let's not assume what may come out of the deliberations. We've had some problem putting the national team together, so to speak, but we're on our way now; I think that's a very positive initiative.

I don't know about other contracts besides those for coal. There have to be contracts for uranium; they're negotiated and they're in existence. When you get into the area of nuclear generation, you're under the complete supervision and control of the Atomic Energy Control Board; and there is a federal requirement to ensure a security of supply of that fuel for a minimum of 15 years and, I believe, another 15 years' supply in the ground, if I'm not mistaken. Effectively, you're looking forward to a 30-year supply of fuel, and that necessarily involves a long-term contractual relationship to ensure that supply. But again that's a federal requirement.

[8:30]

Mind you, when you're dealing with price today and negotiating contracts, you can't negotiate a contract where you're going to fix 1977 prices for the next 20 or 30 years—or even for five or 10 years—because you just can't get into that kind of a contract. I guess that's the kind of a contract Westinghouse got into and found it couldn't purchase at the happy price it thought it could when those contracts were made. So while we talk about negotiating and negotiating the best price possible, and maybe a better price than most, at the same time that price escalates as costs escalate.

**Mr. Pope:** What is the pricing formula in the contracts that are normally agreed to?

**Mr. Gordon:** Which contracts are you referring to?

**Mr. Pope:** For instance, the coal contracts. Start with them.

**Mr. Gordon:** They're subject to escalation. They're subject to price increases.

**Mr. Pope:** What is the formula? I mean, what causes the increase?

**Mr. Gordon:** It's the same reason that our hydro rates increase. Their costs have gone up very substantially in recent years because of things like labour costs, new safety regulations, the cost of putting new mines in service and that sort of thing.

**Mr. Pope:** It's not linked to world market prices, then?

**Mr. Gordon:** There would be some of that, but it's not tied in directly to it.

**Mr. Pope:** All right. And what role does Hydro have in assessing whether or not the formula used is accurate?

**Mr. Gordon:** It's just a good hard negotiating position that Hydro has to take with one of its suppliers.

**Mr. Pope:** You mean every year you sit down and negotiate the price for that year?

**Mr. Gordon:** Every time they come up with a price increase, we negotiate hard to try to avoid it. But coal prices have increased very substantially in the past three years. They've gone up from something like \$13 a ton to more than \$32 a ton, which was one of the main increases that impacted back on our rate situation.

**Mr. Pope:** The other item that was mentioned was the purchase of electricity from other sources. I'm wondering what relationship that purchase price has to the final price to the consumer.

**Mr. Gordon:** I'm sorry; I missed your question.

**Mr. Pope:** It was previously mentioned that there are contracts whereby you purchase electrical power from other sources such as Quebec, and I'm wondering what relationship that purchase price had to the final price to the consumer.

**Mr. Gordon:** It was a relatively small portion. About 16½ per cent of the energy for the total system was under purchase contracts. The firm contracts that we had with Hydro-Quebec have all expired now. We will be buying some sort of "at-will" or secondary power from them as it's available, but it's not on a firm contract basis any longer. We do buy power from Manitoba on a firm basis for the northwestern system.

**Mr. Chairman:** Mr. Pope, I wonder if I could interrupt for one minute. Would the committee give me some direction? We have eight speakers. Would you like to allot the time so that if a member doesn't have enough

time, he could come back on later? Or would you like the speaker to continue until he's through? If we allowed, say, 15 minutes per speaker, that would pretty well take up the time and if you haven't finished your remarks you can ask to have your name placed back on the list.

**Mr. Stokes:** The problem here, Mr. Chairman, is that we have a three-ring circus. We've got the House and the social development and resources development committees sitting. I've been sitting here since shortly after question period with some specific questions that I'd like to have answered by both Ontario Hydro and the ministry. I understand I'm next on the list, and I would like to complete so I could get into the House and talk about yet another northern affair.

**Mr. Chairman:** Is it the feeling of the committee that we carry on the way we have been?

**Hon. J. A. Taylor:** I have been struggling, Jack, with the definition of your role in that three-ring circus. Is it a juggling act?

**Mr. Pope:** I won't be that much longer. If I can just get into history then—because I want to try to get at this some way or another: On the purchases that were made from Quebec in the past, what relationship have the purchase prices had to the price to the consumer in the past?

**Mr. Gordon:** They were generally favourable to our consumers, because they were long-term contracts or contracts that were negotiated at a favourable time. So they were very much of an advantage to Ontario Hydro and to the ultimate customer.

**Mr. Stokes:** Isn't it true that we sell more than we buy? Don't we sell more power than we buy?

**Mr. Gordon:** Yes, that's right.

**Mr. Pope:** What I am trying to get at is, was there any percentage added on that the consumer had to pay in his monthly bill from the purchase price of that electrical power?

**Mr. Gordon:** When we buy power from a neighbouring utility, it comes in at a certain cost to us and it is tied right in to our bulk cost, just in the same way as the cost of generating it in one of our own plants. All that cost goes into a pot and ultimately has to be assessed out to the customer. In effect, there is no markup on it, if that is what you mean.

**Hon. J. A. Taylor:** I think you have to distinguish, too, between the direct sales, that is, where Hydro is servicing a rural area,



directly through rural Hydro, and also we are selling to a commission, a local public utilities commission, which again retails that, and the retail price would vary from community to community, depending upon a number of factors in the commission. So you have to remember that if there was an increase, when that 30 per cent increase went into effect, it might have averaged of at, say, 26 per cent at the retail level to the customer, depending upon the efficiency and a number of conditions of the local commission.

**Mr. Pope:** Assuming it is not related, what was the purchase price from Quebec and what was the sale price to a local utility at the same time?

**Mr. Gordon:** I am sorry, I haven't got those figures. As I mentioned, you buy power from Quebec and it is delivered at the border, but there are expenses associated with our system. We have to have a system to handle that. So there are other costs associated with that kilowatt-hour, if you wish, before it gets to the ultimate customer. The power we buy from Quebec, as I said before, just comes into our system at a certain dollar-value, it is added into our bulk costs, along with the cost of generating power at the Hearn plant or at Pickering, and ultimately has to be distributed in a rate of some form, either a wholesale rate to the municipalities or a rate to our retail customers.

**Mr. Pope:** You don't have any information as to the percentages involved?

**Mr. Gordon:** No, I haven't got that data here.

**Mr. Pope:** How many rate applications have been made by Ontario Hydro in the last five years?

**Hon. J. A. Taylor:** If you want to go to that report that I circulated, on page 70 you can see the process for bulk power rates. That's for 1976 and 1977. It started in 1975, but it refers to rates for 1976. It starts on page 69.

**Mr. Gordon:** The 1975 rate increase was the first rate increase that was referred to the Ontario Energy Board under the Act.

**Hon. J. A. Taylor:** That's the process of referring rates before Hydro can change its rates; the referral of those rates to the Ontario Energy Board and the review of those proposed changes.

**Mr. Pope:** So I take it that there have been two applications, one on April 24, 1975, and one on June 25, 1976?

**Hon. J. A. Taylor:** Three.

**Mr. Pope:** Three? I am sorry, when was the other one?

**Hon. J. A. Taylor:** April 29, 1974. Then there's 1975, 1976, and I just referred one not long ago to the OEB.

Incidentally, the hearing for the last referral before the Ontario Energy Board will start on July 14, and there will, of course, be some representations there by a great number of consumers. It certainly is a large one.

**Mr. Pope:** I would like to ask the minister whether or not he is in favour of a change in the regulations which will prohibit any energy corporation from applying to the Ontario Energy Board any more than once every five years for an increase?

**Hon. J. A. Taylor:** I don't think that's practical, because you are talking about a variety of rates. For example, we discussed before the dinner hour the escalating prices of oil and gas. So if you have, as has been announced now by Mr. Gillespie, an increase in gas effective July 1, with a 60-day delay in terms of pass-through, then of course the gas utility companies—Union Gas, Consumers' Gas and others—will have to make application to the board to determine what they can pass along in terms of those increased costs to the ultimate consumer, to whom they deliver.

Greater frequency in terms of those increases which are imposed upon them will determine the frequency with which they must parade before the Ontario Energy Board in order to review their rates and what would be a fair and equitable rate to charge the customer. I may say that in that process there is a limitation put on the utility companies in terms of the per cent that they can make—around 10 per cent. You can't very well say we are going to restrict the utility from applying to the Ontario Energy Board more than once every five years, or four years, or three years or every year.

As a matter of fact, because of that, when I was in Ottawa discussing energy—at least oil and gas prices—there was some suggestion by the federal minister that more frequent and smaller increases take place. He even talked about bimonthly increases. Naturally, right off the bat, it became apparent that if you had an automatic increase in the price of oil every two months then, of course, natural gas being tied in with the price of oil, if every two months you had an increase in the price of natural gas, you



would have just one parade back and forth to the Ontario Energy Board. You would probably have to double the personnel. I don't know how you would sort it out. You couldn't legislate against pass-through of legitimate increased costs to the purchasers of natural gas for resale to the consumer.

[8:45]

**Mr. Pope:** Then are the applications before the Ontario Energy Board, specifically of Ontario Hydro, simply applications to get a pass-through of oil and gas prices?

**Hon. J. A. Taylor:** No. For example, Ontario Hydro—and Mr. Gordon as president can speak for this—is very concerned in terms of input costs. If the price of gas and oil and other fuels goes up, that is reflected directly in the rates that the customer is going to have to pay for the end product. I believe that in terms of the increase, for example, in the price of a barrel of oil, Hydro has calculated that about 35 per cent of the additional increase that is requested would be related to the increase in fuel costs. Mr. Gordon, you can correct me if I'm wrong.

**Mr. Gordon:** Yes, that's about right. I wonder if it might be helpful to Mr. Pope to just indicate the breakdown of the increase for 1978. We estimate that our bulk power revenues would increase by some \$333 million, the proposed increase in rates would represent about \$170 million and the rest would be from the increased load that we would be supplying as against an increase in price.

Our bulk power costs are estimated to increase by \$362 million. Fuel and related costs would be about \$128 million of that, which represents about 35 per cent of it; interest and depreciation, \$137 million, or about 38 per cent of the total; operation, maintenance and administration, \$58 million; system expansion charge is \$21 million, and debt retirement, \$18 million. So the reasons for the cost increase relate to fuel. They relate to the increase in inflation on goods, services, wages, the whole gamut, and also increases in our fixed charges due to additions to plants.

**Mr. Pope:** Then maybe I can express it this way: Does the ministry have any policy, or is it studying the question, of not allowing any rate increase applications other than pass-throughs?

**Hon. J. A. Taylor:** No. Simply no, depending on what you mean by pass-throughs.

**Mr. Pope:** The 35 per cent.

**Hon. J. A. Taylor:** No that's just dealing with your additional fuel costs. If you have a new union contract, for example, and you have increased labour costs, and you have about 25,000 employees in Ontario Hydro, then of course that is going to reflect on the cost of production of the commodity as well; the cost of production of electricity, that is. So it is not just fuelling costs that go into that.

I am concerned, frankly, about any increase in costs and I have been very forward in expressing my concern. It's a reason I fought so hard and haven't given up in terms of the increase in oil and gas prices, because the thing has a domino effect and it all reflects in terms of increase of all fuels. Also it feeds into the economy, it further inflates the economy, and you get general price rises and, of course, with price rises you get more claims for higher wages and when you roll all of that in it reflects in hydro costs.

When I said that I was against an increase in oil and gas pricing or energy costs, I was just as concerned about hydro costs, but the problem is that Hydro is faced with additional costs not of its making, certainly in terms of the fuels, for example, that it uses. I don't think you can single out fuelling costs and say there won't be an application to the Ontario Energy Board for any rate increase that is based on anything but fuel costs. I don't think that is realistic because usually salaries and wages are an even bigger cost.

I may say too it's very important if you are running a utility like the Ontario Hydro to maintain its financial integrity. It's been a pretty efficient operation over the years. I don't think there has been any question about that. We heard earlier about the industrial and economic development of the province. It was based on cheap electrical power. What has hit us is the fact that it is not cheap any more but, at the same time, it's important to ensure that you have sufficient revenues coming in not to adversely affect its debt equity ratio. It has to borrow, and it borrows very considerably. The borrowing costs are dependent upon its financial integrity.

**Mr. Pope:** What percentage of the increase would go to reserve funds?

**Hon. J. A. Taylor:** In this regard, maybe Mr. Gordon would have some information. I am sure this is going to be explored very thoroughly at the hearing before the Ontario Energy Board

**Mr. Pope:** I'm sort of getting into that and I don't want to. The point I am trying to make is, I understand what you are saying and I understand the needs but, on the other side, we had a request for a 29.9 per cent increase on April 24, 1975, and it ended up by being a 22 per cent increase. I'm saying at the end of the procedure there was an acceptance of a need for belt tightening. I'm saying for a short period of time there may be a need for a belt-tightening to limit the increases simply to a pass-through of that 35 per cent cost.

I understand what you are saying, I understand the need for borrowing and I even understand the need for reserves, given certain limitations. On the other hand, it's the consumer, young working men and women, who are paying \$175 to \$200 a month for heating costs. Somewhere there has to be a balance. Somewhere you've got to stop the reserves. Somewhere you've got to stop the increases in labour costs. Somewhere you've got to stop the administrative increase in costs. You have to balance that and a need to get energy sources with the problem of people having just paying their bills. We've got a serious problem up in northern Ontario with some of these younger people who are trying to make do in a home with mortgage costs and heating costs on top of it.

**Hon. J. A. Taylor:** I think that problem isn't confined to northern Ontario. It's a universal problem.

**Mr. Pope:** Oh, yes, I understand that.

**Mr. Bounsall:** Older people as well.

**Mr. Pope:** There is another problem I am trying to get at, and I'll get off this energy board application because I don't want to get into that. What is Hydro's attitude towards interveners' costs and the providing of information on interveners' costs. I note some of these hearings took 41 and 55 days. If we get away from the cross-examination system of developing ideas, concepts and cost analyses and get into an exchange of information before the hearing, surely we can cut down some of the interveners' costs.

**Hon. J. A. Taylor:** In fairness to Mr. Gordon, I don't think it's a question of Ontario Hydro's attitude in terms of interveners. I suppose if you asked Ontario Hydro, it would say we'd be happy if there weren't any.

**Mr. Pope:** Right.

**Hon. J. A. Taylor:** You have to give persons who wish to intervene, whether they are large industrial consumers or commercial consumers or residential consumers, the op-

portunity to intervene and to appear before the board. Then if there is an attitude and if there is a criticism I suppose it should be probably a criticism of the government because the Ontario Energy Board is financed through these estimates. It's only in exceptional cases where the board financially assists the payment of interveners' costs. The government has seen fit, as a matter of policy, not to extend that financial assistance to anyone who may wish to intervene. All your hearings might, I suppose, go on indefinitely. I am not saying that all those interventions would not be legitimate. But there could be a lot of interventions that may not be as constructive as might be expected.

**Mr. Pope:** I appreciate the difficulty of it. The other side of the coin is that there are 31 municipalities in Ontario that have been fighting energy rate applications for five years, almost non-stop. And I know that for a fact. They include municipalities from Kingston right through to Kapuskasing. Their costs are in the tens of thousands of dollars. They are organized municipalities; they have banded together. They are fighting, in an organized way using expertise on behalf of all of the consumers and they alone are bearing the costs.

**Hon. J. A. Taylor:** With some success.

**Mr. Pope:** They are successful.

**Hon. J. A. Taylor:** Yes, which is most worthwhile. We intervene, if you want to put it that way, in terms of the ever-escalating price of oil and gas. If I go to Alberta, they say, "Well, what are you at the conference table for? We own the oil and the gas and the agreement is with the federal government. If you, as a province, have an interest, your interest should be represented by the federal government. So what are you doing there?" But I can tell you this, that our presence has certainly ensured that, while there may have been increases, they have probably not been as high as they would have been if there had not been any intervention at all or any firm position taken on increases.

**Mr. Pope:** I am wondering if there is some middle ground. As I mentioned earlier, there have been studies done, for instance, with respect to the Federal Power Commission in Washington, studies done by a couple of gentlemen—one of them a Mr. Feldesman—setting down guidelines as to when interveners' costs would be paid, not only by the energy board but by the public purse. I am wondering if there has been any discussion,



or if there is any discussion going to take place, about laying down some ground rules, or alternatively, changing what is meant by paying costs at energy board hearings.

**Hon. J. A. Taylor:** When you get into this area, remember that the energy board is there to protect the public interest. It has counsel. It is not as though it is not exercising an objectivity and an even-handedness in coming to its determination. It has counsel there to assist it, and whatever expertise necessary—sometimes consultants in specific areas. It is doing what it can as a public protector, so I don't think we should assume that the Ontario Energy Board is taking positions.

**Mr. Pope:** Right.

**Hon. J. A. Taylor:** I don't know that I can add anything more, except that it may be that other things will come about when we reach the vote on the item that deals with the Ontario Energy Board.

**Mr. Gordon:** Mr. Pope mentioned 55 days. I think that was probably the first year—the 1974 hearing. And it covered quite a wide range. It covered system expansion, financial policies and the rate application itself. Last year, I believe, the hearing days for the OEB were something in the order of 12 or 13 days. There is a bit of a learning process, both on the part of the OEB as well as Ontario Hydro and also the interveners.

[9:00]

**Mr. Pope:** The reason for my comment about the procedures that are used and the exchange of information beforehand is that it was passed down by the 31 municipalities and their consultants. During the course of the hearing, they felt the hearing time could have been cut by a pre-exchange of information. I am just passing that on as their comment on these rate applications.

**Hon. J. A. Taylor:** That might be very helpful when we reach that particular item because the chairman of the energy board should be here. I am sure he is anxious to expedite the hearings; anything that would accommodate that would be very constructive.

**Mr. Pope:** One last question. I want to know what percentage of Hydro research funds were being spent outside of Ontario?

**Mr. Gordon:** Outside of Ontario? I am sorry, I haven't got that figure. I could probably get it for you, though.

**Mr. Pope:** We are going to get into this with discussion on the Ontario Energy Corporation—but, is it a conscious policy to confine

experimentation and development and research to Ontario?

**Mr. Gordon:** Yes, most of the research is done right here in our own research division. We also use universities to do certain work. And we are tied in with the Canadian Electrical Association in a joint effort so that we don't duplicate research among the utilities across Canada.

**Mr. Pope:** What is Ontario Hydro doing with lignite deposits and how much government money is committed to this? Also something mentioned by the previous Minister of Energy, what use is being made of direct currents of rivers to generate electrical power, the way it was done in the 1920s and '30s?

**Mr. Gordon:** I think the figure on the lignite study shows we are picking up \$250,000.

**Hon. J. A. Taylor:** Yes, \$250,000 is involved in that, initially. That would be our contribution in 1979.

**Mr. Stokes:** Just to follow up what Mr. Pope has said, I don't want to rehash all the correspondence I have had from my constituents over the increases in hydro rates. I have had correspondence with Mr. Gordon on it. In order for people to better understand the need for the large increases that Ontario Hydro has asked for over the last three years, I asked Mr. Gordon if he wouldn't welcome an opportunity to explain it in layman's language and in more detail to the people who are paying the bill. He thought it was a good idea.

I am wondering if you can set up any mechanism whereby Ontario Hydro, when it goes before the Ontario Energy Board for these rate applications can—either by direct contact with its customers or by having travelling caravans across the province, particularly with anything from a 20 to a 30 per cent increase—justify this increase to the people who are paying the bill.

I have two letters here: one from Mr. Gordon which I can understand, since I was once associated with what they referred to as the Hydro family. But it is extremely difficult for me to go to every constituent and try to explain in great detail all of the problems that are associated with our hydro rate increase and the justification for it—particularly in the northwestern section where at one time we enjoyed the lowest rates in the province because the major portion of our requirement was generated hydraulically, and it was the cheapest across the province. Now that is reversed. Now we



are an importer of power, and our chickens are coming home to roost.

It is pretty hard to justify those increases to those people who have enjoyed relatively low hydro costs for so long. Is there any way in which your ministry can undertake, in co-operation with Ontario Hydro and the Ontario Energy Board, to explain in layman's language what the hell is going on in Ontario Hydro? I am not saying that unkindly; it is just that I think we have to be much more effective in our communication with the people who are ultimately paying the bill.

**Hon. J. A. Taylor:** That's an excellent point, Jack, you wouldn't want me to be an apologist for Ontario Hydro, would you?

**Mr. MacDonald:** If you want to bow out, I'll give an answer.

**Hon. J. A. Taylor:** No, I know what you would say

**Mr. MacDonald:** No, I would say something you wouldn't necessarily agree with—the truth.

**Hon. J. A. Taylor:** The fact remains that it is a very difficult area in terms of communication; and it is not something that we are suffering alone when you look at other commissions in other provinces. In the spring when I was in Ottawa, one of the reasons that I had the support of Nova Scotia was that it raised its rates by 47.5 per cent in one lump at that time. Don't think that isn't pretty tough to take and then to start discussing a \$2-a-barrel increase in oil and an appropriate increase in gas.

I grant you it's a communication problem to ensure that the public understand the reasons for increases in utilities such as hydro and at the same time maintain your credibility in terms of not trying to explain away an increase because that utility happens to report through me, say, to government. Maybe Mr. MacDonald would have some suggestion.

**Mr. MacDonald:** Well—

**Mr. Stokes:** No, you are not going to sidetrack me. You have had a four-hour dinner meeting. I want to continue. I'll hear your explanation later.

**Mr. MacDonald:** Fair enough.

**Hon. J. A. Taylor:** Is that—

**Mr. MacDonald:** We normally have these difficulties.

**Mr. Gordon:** I think, Mr. Stokes, it is difficult because it is a very complex subject. The fact that the Ontario Energy Board has dealt with these things over periods of days, and in one case over a month, indicates it is

a complex subject. In my letter to you, I was dealing with it, as you say, in layman's language to the best of my ability in communicating. But I don't get into very much detail; You know it's pretty well flat statements, and perhaps that's the sort of story we have to try to get across.

**Mr. Stokes:** Let me just give you one example. I had a bill from a chap who happened to be the manager of a Hudson's Bay store, and his local utility broke down the last rate increase on a load of 3,000 kilowatts. He projected that into the increase that became effective on the first of May. When I asked Ontario Hydro for an explanation, it was a three-step rate increase and the middle one didn't apply at all. Now that was a mistake of one of your customer service people when they advised the local utility in not making it quite plain enough. When the bill came out, it was a four-step increase rather than a three-step increase and it would have meant a 42.5 per cent increase on his bill, had it applied.

As I say, there is a breakdown in communications among the utilities. Most of the small utilities in the province of Ontario are very unsophisticated; they have to rely on your customer service people to advise them as to how much they are going to have to charge in the resale of power in order for them to recover their costs plus the cost of operation.

This was just one instance of where there was an inadvertent mistake that indicated, quite rightly to the customer that he was going to be subjected to a 42.5 per cent increase. It didn't materialize because we caught it before then, but if there were better communications among the corporation, the utility and the fellow who ultimately pays the bill, I think it would make it a lot easier for us.

I talked to Premier Regan about the last increase; I happened to be in a conference with him. I don't know how he justifies it there, but it would be much easier for us to justify the increases you are charging in the province of Ontario if you relate these to what it's costing in, say, the Tennessee Valley Authority or the Maritimes and other jurisdictions. It doesn't make it any cheaper but it makes it a little bit more palatable, and I think this is what we have a responsibility to do.

**Hon. J. A. Taylor:** As a matter of fact, it is something that troubled me some months ago—I guess it was in April—when we had the annual conference with the Ontario Municipal Electrical Association. In meeting with

them, and the AMEU as well, I was wondering whether, by working with the utilities, there could be a better system of communication through the utilities.

Since bills go out on a regular basis, and whether there is that contact with the customer, I was wondering whether, without getting into a propaganda program or something that is slanted, we could create an objective communication link to try to put across factual material to the customer so that you could establish a better relationship. That has concerned me and it's something I have been pursuing; I want you to know that.

I think it's also important to keep the whole matter in perspective because, as I mentioned earlier, we fare fairly well if you compare our rates with rates in other jurisdictions. Of course, that's not very satisfying to a customer who finds his bill jacked up by 30 per cent, because he is used to something a lot less. But there are tables, such as the one I have here, which illustrate what they suffer in different parts of the United States.

I don't necessarily want to take Toronto, but look at Toronto down here and New York up here if you think we are being punished. Again, I am not appearing as an apologist for Hydro or saying it shouldn't do everything possible to keep the rates down, but on a relative basis we are still fairly well off.

**Mr. Stokes:** Mr. Gordon mentioned there were no longer any firm contracts for the purchase of electric energy from the province of Quebec. It is my understanding that the major portion of the generating capacity at Churchill Falls has been purchased by the province of Quebec. Is most of that going to meet Quebec's own domestic needs and for export to utilities such as Con-Edison in the United States? Where is the major portion of their surplus power going at the present time?

**Mr. Gordon:** As I understand it, they won't start to export to the United States until James Bay comes into service. In effect, it will be the James Bay power they will be exporting.

**Mr. Stokes:** I see. I want to get into another area; this is something that comes from the study of future electric supply to Ontario Hydro's west system from 1983 to the year 2002. In the release they say, among other things: "As part of the development of alternative supply systems, Hydro will provide a commentary on the major environmental constraints and the feasibility of alternative projects. A commentary on the natural en-

vironment will relate to thermal generating station siting plus some remaining hydraulic developments."

[9:15]

We had public hearings three years ago in the northwest to determine the most appropriate site for a combination steam-fired generator and, to follow that on the same site, a nuclear generating capacity. Because of the high costs, and I suppose some concerns with regard to the environmental consequences of a nuclear-fired generating station, you've announced the prime aim of the Marmion Lake unit. What is the time frame for a thermal generating station to satisfy the needs or make us more self-sufficient in the western grid, say, from 1983 to the year 2000?

**Mr. Gordon:** Our plans at the present time extend to the Atikokan station, the first two units at Atikokan. They'll come in in 1983. We're proceeding, as you probably know, with the Thunder Bay extension which is two 150-megawatt units. They'll be in in 1980 and 1981. After that, as part of this study of the supply of the northwest, one of the alternatives may be a further tie-line with the east so that when we develop stations in the west we can put in larger units and get a better exchange between the east system and the west system. We really haven't decided on any plan for the extension beyond the Atikokan station. At one time, there was thought of a station somewhere in the neighbourhood of Nipigon.

**Mr. Stokes:** You're saying with respect to thermal generating stations, fossil and nuclear, "siting on Lake Superior and inland lakes will be considered. Preliminary criteria for the selection of inland lakes have been discussed with provincial government ministries and some of the possible lakes for siting have been identified." That's an ongoing process, is it?

**Mr. Gordon:** Yes.

**Mr. Stokes:** What do you mean when you say "plus some remaining hydraulic developments"? What are they?

**Mr. Gordon:** I couldn't name them for you but there are some hydraulic developments up there. Is Silver Falls one of them? There are possibilities that we may develop more hydraulic in that area.

**Mr. Stokes:** It doesn't involve damming of large river systems in the far north?

**Mr. Gordon:** There would undoubtedly be dams associated with it, yes.

**Mr. Stokes:** I'm talking about the hydrological study that was done jointly with



Energy, Mines and Resources on the federal level that caused a great uproar.

**Mr. Gordon:** Oh, in the James Bay area? No, no. It wouldn't be that.

**Mr. Stokes:** You say "and the development of alternate power systems." That's pretty vague. What does that mean? Is this what you're talking about when you're talking about solar, and wind?

**Mr. Gordon:** I suspect in that they also mean the east-west tie, as an alternative.

**Mr. Stokes:** When is the study going to come out? You say: "The recommendation of a plant for future supply to the west system will be contained in a report which is expected to be submitted to the Hydro board of directors and ultimately to the provincial government in mid-1977." This is about as "mid" as you can get.

**Mr. Gordon:** I think we've missed the date. I would have to find out.

**Mr. Stokes:** I want to get into something much closer to your heart and mine. This is the announcement made by the Ministry of Energy in concert with the Treasurer (Mr. McKeough) and now the Minister of Northern Affairs (Mr. Bernier)—he's on his feet in another place—about your expressed intention to bring Hydro to people who live in that part of the province of Ontario, the most affluent province in the richest country on the face of the earth—mid-Canada—

**Hon. J. A. Taylor:** Good government.

**Mr. Stokes:** Mid-Ontario Oh, Lord, when? There has been a commitment. One of them has been realized. That was for the little community of Hillsport, along the north line of the Canadian National Railways, which was going to be without electric power without the intervention of Ontario Hydro. Thank you very much. One down and about 25 to go.

Two particular problems: One is the community of Armstrong, which is right along the north line of the CNR—

**Hon. J. A. Taylor:** I've been there a number of times.

**Mr. Stokes:** —and another one is Graham. I know full well the criterion that Ontario Hydro uses for the justification of extension of Hydro lines. One year-round customer will prompt Ontario Hydro to build something like 1,128 feet of transmission line. I suppose that's a criterion that you've been living with since Sir Adam Beck may-be. I'm wondering how we can—

**Hon. J. A. Taylor:** Jack, it's a "Progressive" Conservative government. I want you to know that.

**Mr. Stokes:** I'm wondering what you can do—since you're progressive this is an opportunity for you to demonstrate it—how long is it going to be before I can convince places like Armstrong, places like Graham, that they are going to be treated like anybody else in the province of Ontario?

**Hon. J. A. Taylor:** As you've mentioned, we've already had one and there is—you're dealing now with small communities. I think the criterion is 25 customers, if I'm not mistaken.

**Mr. Stokes:** Yes, but there's two programs here.

**Hon. J. A. Taylor:** But we have a schedule.

**Mr. Stokes:** There are two programs here. One of them involves the extension of transmission lines. The other one involves putting in place some generating capacity which will be subsidized at close to rural rates but—the power will be generated locally at much in excess of that cost. Ontario Hydro tell me that if they have to generate power by the use of diesel, you're looking at anywhere from 20 cents to 27 cents a kilowatt, and that's what you're faced with.

**Hon. J. A. Taylor:** Yes, but there were nine communities, were there not?

**Mr. Stokes:** There were eight.

**Hon. J. A. Taylor:** Nine communities, I think. That was set out and there's a schedule. I think it's the same schedule and it was set out in a statement by my predecessor last fall. Maybe we have a copy of that statement. We could provide you with that.

**Mr. Stokes:** I have a copy in my office.

**Hon. J. A. Taylor:** We want you to appreciate the progress, and I use that word advisedly, that has been made and is being made in terms of this.

**Mr. Stokes:** Don't try to con me, Jim. I've been working on it for 10 years. We got Aroland about eight years ago. We got Savant Lake four years ago.

**Hon. J. A. Taylor:** Jack, you're so persuasive.

**Mr. Stokes:** We got Hillsport.

**Hon. J. A. Taylor:** That's why you keep coming back with these big majorities, because you're so persuasive. Here's the schedule that you have. The fiscal year 1977-78, Hillsport, Oba and Armstrong. Fiscal year 1978-79, Collins, Auden and Biscotasing.



Fiscal year 1979-80, Sultan, Ramsey and Kormak. That's the schedule.

**Mr. Stokes:** Okay. Regarding the specific community that I want to deal with, we're going to have to approach it in much the same way that your northwest regional office did with regard to Savant Lake. We were able to get sufficient customers lined up, some commercial, some residential, some ministry, where we were able to get X number of miles of line built by having these people sign up, including the Ministry of Natural Resources, including Bell Canada in two locations, including the Canadian National in two cases, and your northwestern region office—I just can't say enough about them that's good.

**Hon. J. A. Taylor:** Will you repeat that, please?

**Mr. Stokes:** It was a beautiful job.

**Mr. MacDonald:** Read it in Hansard.

**Mr. Stokes:** That was the kind of job and if it hadn't been for the nature of the people who were working on it, it just wouldn't have happened. The bureaucrats and the mandarins down here would have found some way of saying no. Your people were just so persuasive. I want to say this and say it publicly, that it happened. It could happen again, and the next place it should happen is the little hamlet of Graham. It's on the CNR branch line between Thunder Bay and Sioux Lookout. You have Great Lakes Paper in there. You have Canadian National Railways in there. You can use the same formula and, two years from now, I'll be back complimenting you yet again on having done something progressive and worthwhile.

**Hon. J. A. Taylor:** You're very persuasive. Do you know what you've just done? You've expanded the list to 10.

**Mr. Stokes:** I have indeed. That was my intention.

**Mr. MacDonald:** Isn't Graham on the list?

**Mr. Stokes:** No, it's not. And they don't qualify under the 25 customer communities because they have only 19 full-time families. This is because of the fact that Great Lakes Pulp and Paper have their own coterie of customers that takes away from those who don't have any power.

**Hon. J. A. Taylor:** In any event, there's no reason it couldn't be added to the list if it meets the criteria.

**Mr. Stokes:** If we can persuade Canadian National Railways, if we can persuade Great Lakes Pulp and Paper, which we were able

to do in another instance when they came up with \$120,000 towards the cost of the line—

**Hon. J. A. Taylor:** The province provides Ontario Hydro with capital funds for the local field of generation or the extension of an existing line, for example, in that. Then it's done under Hydro, but there is that provincial participation through that program.

**Mr. Stokes:** I see Mr. Rowan just added yet another. Did you add another one—Graham?

**Hon. J. A. Taylor:** It's in the record. As I say, hopefully, it will meet the criteria and, no doubt, you will be talking to us about that again.

**Mr. Stokes:** All right. I now want to get into the water levels. I know that you're having extreme difficulty in robbing Peter to pay Paul. You're trying to build up water levels for next winter. We're having some trouble with commercial fishermen, with cruiser operators on Lake Nipigon, who are having extreme difficulty getting their boats out for their fishing operations and their tourist operations. I had a call at midnight last Saturday night from another operator because his lodge ran dry.

This is because you're trying to build up water on Lake Nipigon and you've drawn the stream flows down so low on the Nipigon River that they've had to ban fishing in it because the fish are so vulnerable—and I want to remind you that Lake Nipigon is one of the best trout fishing streams anywhere on the face of the earth. The largest trout that was caught anywhere in the world was caught in that river. The situation is so acute that they've had to ban fishing on the river.

Is there any way in which you can liaise with the Ministry of Natural Resources, the Ministry of Industry and Tourism and local interests generally, and meet with them on a regular basis? I'm not saying you aren't doing everything possible to satisfy all the diverse needs in a very acute situation, but I think it's something that requires constant attention. Can you liaise with these people just to try to keep the economy of that area going until divine providence sends some more precipitation upon us?

[9:30]

I think it is extremely acute in most areas and I am asking that you ask your regional people to monitor the situation almost on a daily basis. When you get a lodge operator who has his lodge fully booked for an entire week, and he finds he has no water because of Hydro's manipulation of water levels—we all appreciate why you are doing it, but the

thing is we were able to increase the stream flow from something like 1,200 to 5,000 to meet that specific need. But it is that crucial and that delicate a balance that you have to do that on a regular basis just to satisfy the needs of the greatest number of people. I am asking if you won't attempt to do that.

**Hon. J. A. Taylor:** I think we can assure you of that.

**Mr. Gordon:** I know of the case that you mention. It came to my attention today and there is somebody going out to talk to them. I hope they have already been in touch with them.

**Mr. Stokes:** But as I say, we were able to do it locally by calling your man up at midnight on Saturday night. He phoned the generating station and said "Open the flood gates," and that kind of thing. But it is something that has to be monitored on a continuing basis. All I am asking is that you do that.

I want to get into a policy thing—not directed solely to Ontario Hydro. I want to find out how long it is going to take the Ministry of Energy to realize that I have people in my riding who are paying between \$3 and \$4 a gallon for gasoline and paying in excess of \$3 a gallon for oil to run a little generator. It is costing the Department of Indian Affairs and Northern Development almost the same to generate power for lighting, for schools in the far north and for heating purposes in the far north, at a time when wind energy in many jurisdictions has proven itself.

Your colleague, and my neighbour in the north, the Provincial Secretary for Resources Development (Mr. Brunelle), agrees with me right down the line. We in concert tried to persuade your predecessor that if there was going to be a pilot project with regard to wind energy, it should have been in the north where the wind velocities are more constant and much higher than any place in the province. I am talking about the shores of Hudson's Bay, Winisk in Rene's riding, Fort Severn in my riding. They have got all of the data. The average wind velocity is something like 14.7 mph, constantly, when it is 2.3 mph or whatever down on Toronto Island.

The gobbledegook that they gave us was, they wanted their experts to be able to monitor something in operation, in full flight, within two miles of University Avenue, so that they could run down there and when the wind died down they flipped a switch and they had a diesel generator. That is fine, you have the technology, you have the know-

how, you have the ability to continue to generate power on Toronto Island. Hurray. That is progress. Let's start a pilot project that has some meaning to somebody who is paying \$3 a gallon. What are you paying—42 cents, 45 cents, 50 cents in Metropolitan Toronto?

**Hon. J. A. Taylor:** For what?

**Mr. Stokes:** For fuel oil. I am not talking about gasoline. I am talking about fuel oil, which is yet another means of generating power.

**Hon. J. A. Taylor:** Oh, I appreciate that and I appreciate the cost. I realize already, and I have for some time, what the cost differential happens to be in different parts of the province. We have all those figures here and no doubt that will come up in another vote. In regard to that particular project, I may say I've been in Winisk, as you probably know, and some of the other remote areas and I appreciate the geography and the climatic conditions that exist there. I also appreciate that there isn't a Royal York Hotel in Winisk, if you're suggesting the demonstration project should be in a more comfortable place.

As I understand it, and as I indicated in some opening remarks that I made at the beginning of these estimates, it was a matter of demonstrating the technology that you assume is all in place prior to establishing a demonstration project in a geographical part of this province where it will have practical and permanent application. If you wish to explore that technology, then we have our staff and our technical people here to pursue that particular area.

**Mr. MacDonald:** The conditions on the island are irrelevant to the north where you're going to apply it.

**Hon. J. A. Taylor:** That may or may not be, but surely the technology—

**Mr. Stokes:** It is like saying we want to find out how deep-freezes work so let's take them up to Baffin Island.

**Hon. J. A. Taylor:** No, it's like saying we want to learn how to make a deep-freeze and it's better to make it in Toronto than it is in Baffin Island. We have Roger Higgin here and we can get into this. It's not in this vote but what difference does it make, eh, Mr. Chairman?

**Mr. Chairman:** Certainly.

**Hon. J. A. Taylor:** Let's explore this piece, because as far as I am concerned, if you're telling me that we have demonstration proj-



ects under way that irrelevant, then I want to know that.

**Mr. Stokes:** It might work beautifully on Toronto Island but it's different when you get up there where you are going to have to apply it. Getting back to something Mr. Gordon said in answer to a previous question, when he was asked about how much they were doing by way of solar heat, he said, "Well, it doesn't look as though it is going to be practical in the foreseeable future. Until the cost escalates to where the cost of solar heat is competitive, it's not going to have much application." That isn't the case with wind energy. We have the technology. All we have to do is put the demonstration model in an area where it is going to do some social and economic good now, and test it out under the conditions you are going to be using it in the foreseeable future.

**Hon. J. A. Taylor:** All right. I don't deny that you should be testing your technology in the climate where the application will be made, but where you and I misunderstand one another is that it is my understanding we do not have the technology in place yet, and possibly Dr. Higgin could clarify that.

**Mr. MacDonald:** Can you test the technology in Vancouver?

**Hon. J. A. Taylor:** Could we get an explanation of it and then we can see whether it is worthwhile?

**Mr. Stokes:** I have read what Dr. Higgin has written time and again and I don't buy his argument that you have to demonstrate it on Toronto Island for application in Fort Severn. Forgive me, I just don't.

**Dr. Higgin:** Let's start with the wind power report. You remember, as you've read this, no doubt, that we looked at a number of different types of systems and the economics of these for operation in northern Ontario. The findings of the report were very simple. The system that could be viable was what we would call the fuel-saver mode, which incorporates a wind generator and a diesel without storage. No storage at all.

Wind generators, as you say, have been around for years and the problem is what happens when the wind goes down. You could use batteries; you can use a mode where you charge the batteries up, whenever the batteries get low, with a diesel. That has been done in plenty of places. The whole outback Australian radio system works on that technique. The point is that when you want to have loads which are significant, more than five 100-watt lightbulbs or something of that order, like running a radio link,

then you need so many batteries that it ceases to be an economic proposition.

What you want to develop is a system which dynamically works the windmill and the diesel together, so that the diesel runs all the time, provides the frequency sync for the output, and then throttles it back when the wind comes. Nobody has developed that system. Part of the delays and so on have been associated with the fact that we don't want to pursue this for Ontario's applications, which are mainly telecommunications, we want to drag the federal government into this so that this development will have wider application for communities on a large scale, working with the big wind turbines that they are developing.

**Mr. Stokes:** They are in it now with NRC on the Magdalen Islands.

**Dr. Higgin:** That's a different type of system though. There they have four megawatts of installed diesel capacity. The output of the wind generator is like a flea on an elephant's back. They never even feel it, down in the generating station. We are talking about developing a system which will work in communities where the diesel and the wind generator are of the same size. This is a special control problem and we are convinced this is the way to develop these systems for these applications. So is the National Research Council, which has a lot more expertise than we do in this whole area, and we are working jointly on this project.

There are technical problems to be solved and it is simply a matter that it would cost three or four times as much to do this, shipping engineers and equipment to and from Fort Severn. As far as the climatic conditions, they are probably worse on Toronto Islands during December; the icing conditions occur down here. Icing is a significant problem. Icing does not occur as significantly up in Fort Severn. Truly.

**Mr. Stokes:** Are you kidding?

**Dr. Higgin:** No. Honestly, the icing that is common for wind turbines occurs—you have seen the ice storms that we get down here—when the temperature is close to the freezing point. We get those just as much down here, if not more. It is just a cost problem.

The next step which is in our plan is to take the equipment—by the way, we will own that equipment, other than the wind turbine; we will own the control system and the diesel—to the north, if the experiment is successful, to conduct this critical field trial and see if it will work under the con-



ditions that exist up there. The key is, it will cost three or four times as much, if not more, to do the same work up there. The only benefit—and you may place a very high cost on this, which as technical people we don't—is that something is visible up there and it is a social thing. If you want to place three or four times the cost on the experiment from a social point of view, then it could be done up there just as well. It would not benefit, it would not be any different, but the point is to develop the technology on Toronto Islands is a logical first step.

The very next step is to take the equipment up there and try it. In fact, I have started discussions with MTC about doing wind surveys in the communities, which is a preparatory step to taking the equipment up there, because you have to be very careful where you site a wind turbine. The difference between 100 yards here or there can be very critical, despite the fact the winds are good in general.

So those are our reasons. I still maintain they are valid reasons. Maybe from your perspective things are not happening as quickly as they should up in northern Ontario, but I think our reasons are valid. If you still don't believe them, well I guess we can talk about them another time.

**Mr. Riddell:** Perhaps we could arrange to have an election every time the wind dies down.

[9:45]

**Mr. Stokes:** Just a minute. I don't want to downgrade Dr. Higgin's ability to look after the technological end of it. I'm not trying to be uncharitable, and I suppose I should be addressing either the chairman or the minister, but I would like to remind Dr. Higgin that as a representative in a riding such as mine I get an opportunity to look at the total picture. The communities that I'm talking about need power so badly, but you and I, as taxpayers to both the federal and the provincial government, pay for most of what goes on in the north, whether we pay it to the federal government or to the provincial government.

The Department of Indian Affairs and Northern Development is completing an Indian day school at Fort Severn at a cost of \$1.4 million. Their fuel oil requirements for one year are in the neighbourhood of 64,000 gallons of fuel oil for heating and lighting for that one educational facility.

When Dr. Higgin refers to the cost of keeping engineers in Toronto to monitor this combined system where one cuts out and

the other one takes off, he's probably absolutely right; by the time you flew these technicians and all of their gear and their apparatus from Toronto or wherever to Fort Severn, the cost would be considerable. But I want you to weigh that against what it costs the federal government, the provincial government and ultimately you and I, the taxpayers, just to pay the bill for that one facility in the cost of fuel oil alone.

It is not a direct cost to the Ontario Ministry of Energy, it is not a direct cost to Dr. Higgin's section, granted. In his little world they can do it much cheaper on Toronto Islands, but in terms of the problems that I get on a daily basis, and the cost to you and I, the taxpayers, whether it be a federal activity or a provincial activity, that's where we fall down. I've had more fights with the Department of Indian Affairs and Northern Development trying to get it to take some action through the National Research Council while I've been working in tandem trying to convince Dr. Higgin. He's absolutely correct in everything he has said, but he's living in his own little world down here as opposed to getting out into the real world up there.

You and I are paying the shot anyway. If we are going to develop technology let's do it where it is going to do the most good. In terms of the overall cost you are saving money by doing it up there.

**Hon. J. A. Taylor:** Yes, but remember this. I'll bet you that if you shipped all that into Fort Severn, all of this gear and all your technical people, you would still be shipping your 64,000 gallons of oil you mentioned, because I don't think you'd want to gamble that technology and the equipment and gear was going to eliminate the 64,000 gallons the first year.

**Mr. Stokes:** No, but you could work it in tandem with an existing facility that is up there. Send diesels up there.

**Hon. J. A. Taylor:** I appreciate that. You and I disagree that I have taken to heart what has been told me by my technical staff, and that is that the technology has not been perfected which would warrant the prototype to accommodate that particular facility. Presumably when it is, then the next step is to do precisely what you say.

**Mr. Stokes:** So how long are we looking at then?

**Dr. Higgin:** The test program should be operational on September 1 this year. It will run through the winter because we want inter conditions. We expect that will finish in the end of January. The reports and every-

thing should be complete in the spring. It is our intention, if we can work out a suitable vehicle for doing it, to do some preliminary wind surveying in the communities of Fort Severn and Winisk later this year, using the MTC personnel to take readings and service the equipment. If the experiment is successful, there is no reason why a unit couldn't be installed during the summer of 1978 in one of the communities for the first, if you like, prototype test of the unit. That is basically what our planning is based on.

**Mr. Stokes:** I have one final question. I know it comes under another vote but I want to get into it now because it's something that deals specifically with policy. You mentioned in your opening remarks that Polar Gas, of which the Ontario Energy Corporation is a partner, will be going some time this fall to the National Energy Board for, I suppose, approval in principle to go forward in bringing a natural gas line from the north central Arctic down through northern Ontario to interconnect with the existing TransCanada gas pipeline at Longlac.

**Hon. J. A. Taylor:** That's right.

**Mr. Stokes:** What kind of support is the Ministry of Energy going to give to that application before the National Energy Board and how soon are you going to get into some kind of liaison with the people who live in northern Ontario, both in the Kenora riding and in my riding of Lake Nipigon? Are you going to ensure that that will be part of the terms of reference of the Hartt inquiry? Have you done any preliminary work, because the Ontario Energy Corporation is the partner on behalf of the province? What kind of input are you going to have in supporting that application before the National Energy Board on behalf of all people of the province of Ontario? Even more important, how are you going to assure the native people that it will be to their benefit in much the same way that Mr. Justice Berger has done with regard to his hearings in the high Arctic?

**Hon. J. A. Taylor:** I would just confirm that the intention is to make an application probably in early September, though it could be later. Polar Gas is the organization—and we're part of that—that has actually conducted these liaison operations you mentioned with the native people.

**Mr. Stokes:** No, they haven't.

**Hon. J. A. Taylor:** Well, I'll—

**Mr. Stokes:** They'll admit to that. I was just in touch with the personnel director

for Polar Gas who said they have attempted, but to no avail, to begin these consultations.

**Hon. J. A. Taylor:** What we will do then is—

**Mr. Stokes:** I'll give you his name.

**Hon. J. A. Taylor:** It's all right. We may give you some correspondence.

**Mr. Stokes:** I'll trade correspondence with you.

**Hon. J. A. Taylor:** I don't want any breakdown in communication and I would like to be accurate on this. It is certainly my understanding on it that we've been very meticulous in that regard—in the socio-economic impact and studying the whole project. There is some new technology involved in the distances with underwater pipe. It would be a 42-inch pipeline.

**Mr. Stokes:** They've done that in the high Arctic. I don't question that. I'm talking about the people resident in the province of Ontario.

**Hon. J. A. Taylor:** In terms of that type of contact, we have with us this evening Peter Lamb who has worked—

**Mr. Stokes:** I've talked to him over the phone.

**Hon. J. A. Taylor:** —on behalf of the Ontario Energy Corporation. Possibly he could add something on this.

**Mr. Lamb:** What's been happening is that Polar Gas staff haven't been attempting to make contact with the communities and the people and introduce them to the projects the way they have done to those communities north of the 60th parallel and also, I'm told, in Manitoba, with some success. We're advised there is some difficulty getting in touch with the communities to attempt to involve the native people.

**Mr. Wildman:** Is that right?

**Hon. J. A. Taylor:** You're right in terms of difficulty in communication, but there's been communication.

**Mr. Wildman:** Are they involved in that now?

**Mr. Lamb:** That's what they're attempting to do now. Does that answer the question?

**Mr. Stokes:** All it does is confirm that there have been some attempts.

**Hon. J. A. Taylor:** Would you like some documentation in detail in regard to our efforts?

**Mr. Stokes:** I'd appreciate that.

**Hon. J. A. Taylor:** I'd be happy to provide that for you because I think this is the type of thing that should be known. It's not



very fruitful when you experience a soliloquy. It's important for a dialogue to have at least one other party.

**Mr. Stokes:** What about the inquiry soon to be undertaken by Mr. Justice Hartt? There's some indication that they're going to try to extend his terms of reference which were originally going to deal specifically with Reed Paper. I've discussed this with Mr. Justice Hartt. He would like to see a broad framework within which he can operate, which might very well include the application by Polar Gas for the right to construct a pipeline through those areas in the far north of Ontario. In addition, it may very well involve some quite significant mining operations that are almost certain to get under way when the international climate for business and minerals is much better than it is at the present time.

Could I ask directly of Mr. Lamb whether or not there's been any indication that you will ask Mr. Justice Hartt to look into that? What is the time frame in which you people have to operate?

**Mr. Lamb:** I'm not even sure what the precise terms of reference of the inquiry would be. I know there is some suggestion that pipelines and Hydro matters would come under the inquiry. I don't think a decision has been made. Maybe the minister could answer.

**Hon. J. A. Taylor:** In fairness to the Polar Gas application, Polar Gas is a federal company and the application would be to the National Energy Board. We're one of the participants in that. We're very mindful of the socio-economic impact of a pipeline and we're anxious to make sure that our lines of communication keep open. We're also anxious to ensure that the route of the pipeline is in the best interests of the people of Ontario as well.

I think you'd appreciate there have been suggestions for different routes, both on the east and the west side of Hudson Bay. There is also a suggestion, although maybe not an application yet, in terms of the transfer, of the liquefaction of natural gas rather than by pipeline. Our interest in that is to ensure those resources in the Arctic are available to our market, to ensure the security of supply for the people of Ontario.

[10:00]

I have no objection to Mr. Justice Hartt's involvement. As a matter of fact, I was considering the setting up of a meeting with Mr. Justice Hartt in connection with it. I'm also mindful of some of the comments of

concern made in the Legislature by member of the NDP, and I agree we have to be careful we don't spread Mr. Justice Hartt so thinly that he's going to be bogged down for years in trying to accomplish matters that I think are more urgent. But I certainly don't retreat from any type of overview by someone in that position.

**Mr. Stokes:** There was a submission made to cabinet by the Treaty No. 9 chiefs this afternoon and if you read the tone and tenor of that brief, you'll realize we're running into trouble if there isn't some kind of review whereby you look at the socio-economic environmental consequences of building that line. I'm not saying it shouldn't be built and I'm not presuming to speak of the specifics on behalf of Treaty No. 9. I think they should be consulted.

**Hon. J. A. Taylor:** That's a two-way street, and I haven't had the opportunity to meet with the Indian chiefs. Normally I would have when they met with cabinet, but being here I wasn't afforded that luxury. I've seen some part of that brief, and the language strikes me as being rather extravagant, and I don't think that's an exaggeration. But I firmly believe that we have to keep communicating and do what we can so the whole world knows we're making every effort possible and we're going to take a reasonable and sensible position on the matter.

**Mr. Stokes:** Thank you.

**Mr. Wildman:** Mr. Chairman, I've just a couple of things to raise under administration in the general vote here. One is a matter on which I've corresponded with the minister since the election; at least I've written to the minister and he hasn't had time to reply yet. I really would like to have some clarification of the relationship between the ministry and Ontario Hydro and the Porter commission as it relates to the Hydro projects that have been postponed pending the final report of the commission.

It was my understanding the Porter commission was to report to the government late this year on electric power generation and planning over the next 20 years or so, making certain specific recommendations in regard to a number of priority projects for Ontario Hydro. One of these has significance in my area, in that there has been the proposal talked about for a long time now of a possible North Channel generating plant, either fossil fuel or perhaps nuclear-powered.

Hydro has had two site-selection groups doing a study over the last year. They've



made their final report. I think there were five possible locations. The east group came out against the location of a nuclear plant in their area; and the west group recommended Dean Lake. We are all now waiting for the final report of the Porter commission; the commission has come into Sault Ste. Marie and has had extensive hearings which are continuing.

It would seem to me that if the commission is going to make a report this fall, the ministry and the government and Hydro can't really make a decision on the proposed location of a plant on the north shore, until they get that report. Is that correct? Is the sequence of events I've laid out correct?

**Hon. J. A. Taylor:** With the exception of the recording date per quarter; it'll be 1978.

**Mr. Wildman:** I asked your predecessor a number of questions on this because it is of major economic and social significance along the north shore.

**Hon. J. A. Taylor:** As you can appreciate, the hearings of that commission have taken longer than most of us thought they would, but they've been very thorough. There are a number of matters that will be considered by Mr. Porter in terms of electric power planning. Certainly one of them would be the North Channel site. Another is the second 500 kv line out of Bruce; and another one would be the Ottawa line.

**Mr. Wildman:** I understand that. I have confidence in the Porter commission and I wait its findings, to analyse them and to determine what the position should be. If that is the sequence of events and if the relationship is as you've confirmed, I'm a little concerned by a front page story in the Sault Star for June 8. In this story the Minister of Northern Affairs (Mr. Bernier) whose bill creating his ministry is now being discussed in the House, announces that he expects that Ontario Hydro will be going ahead with a thermal electric generating station, situated near Blind River. The announcement will be made this fall.

I quote the minister: "Personally, I think the generating station should be and will be located close to Blind River. It makes sense. It means jobs and it will be an economic shot in the arm for this community. I can tell you now that I will be supporting a location near Blind River and I will be promoting an early start to construction." And then the story goes on to list a number of facts.

If the government cannot make a decision on this proposal and the Hydro plan until

they hear from Porter, how is it that the Minister of Northern Affairs is promoting early construction of a plant when we don't know whether it's going to be built at all? Has Mr. Bernier seen Porter's final report or does he know something the commission doesn't know? Has he had contact with Ontario Hydro? Has he some information from the Ministry of Energy, or as my colleague the member for Lake Nipigon (Mr. Stokes) would say, from divine providence?

**Hon. J. A. Taylor:** There's something of an ESP nature about that.

**Mr. Wildman:** I just wonder, it was June 8.

**Mr. Ruston:** That's pretty late.

**Mr. Riddell:** They were in trouble at the last.

**Hon. J. A. Taylor:** That establishes there was full political relevance.

In fairness and in response to that series of inquiries, we have to remember that the Porter commission is there to determine the need. You have to distinguish the need from the development itself. In other words, Mr. Bernier may very well support a particular location or site. It may very well be, if the Porter commission in its wisdom determines the need is there, good planning would be that, anticipating that, consideration should be given to the location or a potential site. If the need isn't there, then what harm has been done?

I would interpret the support of the Minister of Northern Affairs for that location as saying: "Here, assuming there is a need, then I would like to see that particular project in this location."

I don't see anything wrong with that. In terms of extra sensory perception I doubt very much whether the Minister of Northern Affairs could anticipate a recommendation which hasn't been conceived, let alone manifested in a report.

**Mr. Reed:** It was an election statement.

**Mr. Wildman:** My colleague the member for Sudbury East (Mr. Martel) has made some comments in the House tonight, about the minister's ESP among other things.

**Hon. J. A. Taylor:** I can imagine.

**Mr. Riddell:** That's "extra spending power."

**Mr. Wildman:** My question was not just on that particular aspect, but rather on the actual relationship between your ministry and other ministries and Hydro and the commission. I understand what you're saying is that the commission will make its report

in 1978, you expect, making general proposals and some specific recommendations on particular projects, including the North Channel proposal.

**Hon. J. A. Taylor:** And on the need. If the need is demonstrated, then it's a matter of location. Then when you decide where you think the appropriate site should be, you go through the environmental assessment process.

**Mr. Wildman:** Right. It would seem, then, that his statement really was nothing new in the sense that the west selection committee had already recommended the site he mentioned, the one near Blind River at Dean Lake. So really, he wasn't saying anything new on June 8.

**Hon. J. A. Taylor:** It's amazing that the newspapers would report something that is not news.

**Mr. Wildman:** Well, it's hard to say what they would do.

**Hon. J. A. Taylor:** I don't seem to be able to achieve that result.

**Mr. Wildman:** I'm glad I got that straightened out. My other question was just on correspondence we had which I found somewhat bizarre.

**Hon. J. A. Taylor:** Who offered that correspondence, quickly?

**Mr. Wildman:** That was a note I sent you in the House, as a matter of fact—

**Hon. J. A. Taylor:** Oh you brought it.

**Mr. Wildman:** —after I received your letter. I said you'd better check on who's writing your letters before you sign them.

**Hon. J. A. Taylor:** I thought that was rather a snide remark.

[10:15]

**Mr. Wildman:** I meant it in jest, but I wrote you a serious letter on March 14, regarding pricing policies for gasoline in rural communities as opposed to larger urban communities where there is a larger volume of sales and competition. I pointed out a number of problems presented by the consignment pricing policies of the oil companies, and I referred to some discussion I had with your predecessor in the estimates last year about this.

I pointed out that in some places north of Sault Ste. Marie, within commuting distance of the city—and I don't want to go too much into the policy end of it, I am just talking about the sequence of letters here—but north of the city the dealers were having to pay eight and nine cents a gallon more

than the consumer was paying for the gasoline retail in Sault Ste. Marie. Obviously, this meant the small dealer in the rural community just couldn't compete with either the self-serve or the larger dealers in Sault Ste. Marie. This meant that a large number of dealers, small businessmen, were in serious trouble in the vicinity of Sault Ste. Marie in my riding.

That was the main thrust of my letter: What could be done, and what were you doing, about helping, these rural dealers deal with the policies of the oil companies on the wholesale prices they have to pay for their oil and gasoline; and how this would affect the consumers? I received a reply from you—

**Hon. J. A. Taylor:** March 28.

**Mr. Wildman:** That's right.

**Hon. J. A. Taylor:** Your letter was an open letter intended for the press.

**Mr. Wildman:** That's right.

**Hon. J. A. Taylor:** My letter—

**Mr. Wildman:** That was open too; that was fine, there were no complaints about that.

**Hon. J. A. Taylor:** My letter was appropriately worded for that line of communication.

**Mr. Wildman:** The point I want to make though, in your letter—I won't go into the wording of your letter—

**Hon. J. A. Taylor:** Let's do. I thought it was rather good.

**Mr. Wildman:** You made a number of quotes from the previous estimates debate, from Hansard. But you seem to have completely missed the point—or whoever authored the letter missed the point—of my letter, which was to deal with the problems of small businessmen in my area.

**Hon. J. A. Taylor:** Can you imagine anyone but me writing a letter like that?

**Mr. Wildman:** You are talking here all about differentials and how we are getting a good deal in Ontario on gasoline prices, and northern Ontario isn't being hurt and so on. I won't even debate that because that comes under a different vote, but what I am concerned about here is—

**Hon. J. A. Taylor:** You're right on that point.

**Mr. Wildman:** It completely ignores the fact that I was writing about the problems of the small businessmen. It doesn't even deal with that, it doesn't even broach the topic.



I am just wondering what could have been the problem that you missed the point of my letter and ignored it when you replied. I think this relates, Mr. Chairman, to administration and how the minister replies to correspondence. I am just wondering why this kind of letter would come back. I don't even mind the kind of rhetoric—we had a little discussion earlier about rhetoric as opposed to action—I don't mind the kind of rhetoric that was in it. As a matter of fact I found it kind of amusing, I thought it was very well composed.

**Hon. J. A. Taylor:** Thank you. I'd be happy to reread it. I think I addressed those concerns you expressed in point form on page 2 of that letter.

**Mr. Wildman:** On page 2 you deal first with the royal commission, saying that it brought together a lot of information; I agree with that. It said that the Ontario gasoline consumer was getting a bargain; I disagree with that, frankly, but again you are talking about the consumer.

**Hon. J. A. Taylor:** Just a minute. Read the whole thing. You've only read part of it.

**Mr. Wildman:** All right, you said that gasoline differentials existed all over Ontario not just in northern Ontario, which I had said in my letter; that price differentials result from variations in local competition and dealer margins and so on, which I had also said in my letter; that without exception higher retail margins and higher transportation costs are the largest contributors to price differentials—and I can debate that, if Mr. Chairman will give me the opportunity, but I would rather leave that to the proper vote.

Then you go on to say that prices are comparable in northern Ontario to southern Ontario markets; again I could debate that, but it doesn't deal with the question I raised in my letter.

Then you say that regulation of gasoline prices in Ontario cannot be justified on the basis of the small percentage of the population that pays higher prices; again you are talking about the consumer.

The government of Ontario has recognized the problem of higher costs in northern communities in a way of municipal assistance grants; again you are talking about the consumer, in this case it's the taxpayer.

You don't, anywhere, deal with the major issue—and I think it is still an issue, and it's an issue all over Ontario, not just in the north—that the small dealer, if he is situated within commuting distance for the

public of a large centre, and he has large differences in the cost of his gasoline as opposed to what the gasoline costs a dealer in the city, is in a very poor competitive position and runs into difficulties and may even go out of business.

I don't know why you would send me a letter which didn't even deal with the main point I had raised.

**Hon. J. A. Taylor:** You mean you weren't interested in the consumer?

**Mr. Wildman:** I was, but that wasn't the issue I happened to be raising in my letter.

**Hon. J. A. Taylor:** I thought you had an interest in the consumer.

**Mr. Wildman:** Certainly I am interested in the consumer, I would be glad to write you another letter on the consumer, and I'll probably get a letter back replying to my question on the dealers.

**Hon. J. A. Taylor:** I am just conjuring up in my mind the type of response right now as a matter of fact.

**Mr. Wildman:** I think whoever is in charge of dealing with the minister's correspondence in the Ministry of Energy should be cautioned to ensure that although they may continue to compose—or if it is yourself, Mr. Minister, you also—continue to compose very good, amusing letters with great rhetoric, that at least they deal with the topic the person to whom they are replying wrote to them about. That's what I am raising under administration. I hope to raise the questions I raised in my letter about dealers later when we come to the correct vote, Mr. Chairman.

**Hon. J. A. Taylor:** Just in response, very briefly, sure I set out the elements in terms of the reason for differences in gasoline prices. Surely if you are talking prices, you are talking about prices at the retail level as opposed to prices at the refinery level, although they are relevant. Ingredients are refinery-priced, and there's competition amongst refineries in terms of the price at which they sell their gasoline to the dealer. The other element, as I pointed out, was transportation costs. The third element, of course, is dealer markup.

If you want to talk about a remote community, if you go to Red Lake—

**Mr. Wildman:** No, I am talking about communities that are close, that are within 20 miles of the city. Dealers in Desbarats—I don't think we should debate this, but I will just tell you as a fact—the dealer in Desbarats is paying three cents more per gallon for his gasoline than the consumer is



paying the dealer in Sault Ste. Marie, and he is approximately 25 to 30 miles away.

**Hon. J. A. Taylor:** I appreciate what you are saying—

**Mr. Wildman:** That was what I said in my letter.

**Hon. J. A. Taylor:** Sure you are interested in the hardships of the small businessman.

**Mr. Wildman:** My constituents.

**Hon. J. A. Taylor:** Again may I point out to you that that is related to a great extent in terms of that small businessman's markup.

**Mr. Wildman:** But this is even without his markup. Even without his markup he's paying three cents more than the retail price in Sault Ste. Marie; then he puts his markup

on top of that. So you can see what his competitive position is.

**Hon. J. A. Taylor:** As I pointed out, you have competition in terms of sale from the refineries. Like anything else you may be able to buy cheaper from somebody, cheaper than I could buy from somebody, and maybe I'd better switch if I can buy cheaper from somebody else in order that I retail at a cheaper price.

**Mr. Wildman:** In many cases it is the same company they are dealing with—Shell Oil for instance.

**Hon. J. A. Taylor:** Anyway, I would be happy to get into details on that—

**Mr. Wildman:** On the vote in that area.

The committee adjourned at 10:27 p.m.

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No. R-10

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

### **Resources Development Committee**

Estimates, Ministry of Energy



### **First Session, 31st Parliament**

Thursday, July 7, 1977

Afternoon Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC



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## LEGISLATURE OF ONTARIO

THURSDAY, JULY 7, 1977

The committee met at 3:50 p.m.

# ESTIMATES, MINISTRY OF ENERGY (continued)

On vote 1901, ministry administration program:

**Mr. Chairman:** We now have a quorum and I will call the meeting to order.

**Mr. Reed:** Since Mr. Gordon is so kindly here from Ontario Hydro, I'll confine my remarks and questions to Ontario Hydro at this time. I had some other things but I think we can get them into another vote.

I just had a few questions, Mr. Gordon, one of which concerns Hydro's mandate. We've had a great deal of discussion in the recently completed select committee about Hydro's mandate to produce power at cost for the people of Ontario. I wonder if you might be kind enough to comment on how you see the mandate in 1977, going on into 1978, and whether or not you feel a change in that mandate, which was very simple, and necessarily so, especially during the age of hydraulic generation. Some sophistication and some complication have been added to it since that time with the advent of thermal generation and in view of the fact that in thermal power we actually utilize only about one-third or just slightly better than one-third of the actual energy input into the system.

Also there is the fact that there are other technologies. You spoke yesterday on the business of impact studies of solar water heaters and so forth. At the same time, even if we concede that some of these other techniques and other approaches are valid, I seem to get the feeling—and I did through the select committee—that Hydro felt it was limited by what it called its mandate. I would be very interested in hearing your remarks about that and your response to the challenge of producing power at cost.

**Mr. Gordon:** I guess our mandate originally was a very simple one: power at the lowest possible cost. It's very catchy too. In recent years, as you mentioned, conditions have changed, but we still consider our mandate to be to meet the requirements or the demands of the people of Ontario for elec-

tricity—we'll use the word "electricity"—at the lowest feasible cost consistent with an appropriate standard of service security or reliability and also consistent with the environmental and social implications on society today. Basically, it ties down to the supply of electricity, as we see it.

**Mr. Reed:** Do you consider, at this time, that you are in the electrical generation business or that you are in the energy business per se?

**Mr. Gordon:** It's basically in the electricity business, yes. If I might just add to it, I don't think, as you mentioned, that mandate is prohibiting us from doing other things. As mentioned yesterday by the minister, we can work with the Ministry of Energy or other ministries in the provision of things like heat and so on from our generating stations.

**Mr. Reed:** The reason I asked that is that you mentioned yesterday you were studying the impact of solar water heating on your operations. I also know that Hydro has been doing a good deal of research into the heat pump and its effect. If I may use the heat pump as an example, it has also been revealed to us that the work that's been done with the heat pump is the utilization of a technology that uses an electrical assist on the heat pump. So what, in effect, you tend to do is lower the total consumption of electricity to a particular individual through the use of an electrically assisted heat pump, but you don't do anything to shave the peak, because the peak here in Ontario occurs in the wintertime, at the coldest time of the year, after the heat pump has passed the point of unity. That is why I am wondering if your mandate is broad enough to consider yourself in the energy business, because it may very well prove to be thermodynamically and economically feasible to utilize the heat pump and promote the development of a heat pump that certainly would be powered electrically to the point of unity, but might have another kind of energy as the backup system. That is why I am wondering if you are not constrained.

**Mr. Gordon:** That is exactly what we are looking at in some of our heat pump work,

a hybrid system where you use a heat pump that is geared to maximum efficiency for a heat pump, but when you get into the cold climate conditions you'd come on with some other form of heating.

**Mr. Reed:** Until last year my understanding was that Hydro's work to that date had simply been with electric boosting.

**Mr. Gordon:** No, we are looking at hybrid systems.

**Mr. Reed:** You are, and you are able to with the mandate you have? All right, I'll ask you one other question about the mandate, if I may, and that is the monopoly Hydro has over the sale of kilowatt hours, as I understand the law, in a very nebulous way, I must admit. We know that there is some potential for the generation of electricity in Ontario, partly industrial, cogeneration, where some of the capital costs might be defrayed by the sale of kilowatt hours to neighbouring industries and so on. There are other areas where there are small hydraulic potentials where the capital might be recovered by the sale of kilowatt hours, but at the present time it is my understanding that according to Hydro's mandate you do have a monopoly over that sale. I am wondering whether the time has possibly come to remove that mandate simply because it is no longer economically necessary to the well-being of Hydro? Would you mind commenting on that?

**Mr. Gordon:** Of course, there are private suppliers, and have been in the past, in Ontario. They would supply power under a franchise to a particular area.

**Mr. Reed:** You still control them. I know there are some private suppliers who supply power to Ontario Hydro as well under contract.

**Mr. Gordon:** I am thinking of the Fort Erie situation, or the Cornwall situation, or Great Lakes, which is fairly large. We have also had some smaller ones where we have continued to purchase power from a fairly small company that has its own generation. I think that is the form that we would see it take actually. If a company had power available we would buy it. I think the catch would probably be the price we would buy it at.

**Mr. Reed:** Yes, I was going to say that. What is happening is that you are the only game in town, and as such your purchasing power generally from small facilities at the present time, depending on when the contract expires and when it was signed, anywhere from about five mills to 7½ mills.

**Mr. Gordon:** Maybe a little higher.

**Mr. Reed:** Maybe some renegotiated contracts will be higher. However, I would suggest to you that it is very possible for some of these small generating establishments to be able to do a little better for themselves if they could compete. I don't necessarily understand your reluctance to consider giving up monopoly on that sale of kilowatt hours. Initially it probably had a certain ring of necessity to it because of the necessity to electrify rural Ontario, but now that we are there, and now that we have seen what that kind of monopoly has done, I wonder if we shouldn't—and I say this to the minister—look at the ramifications of allowing private industry to compete.

[4:00]

I am not suggesting they do it on a nuclear basis. I am simply suggesting that there may be some areas where it could become effective and perhaps Hydro should not any longer consider itself to be the only mentor of electric power in the province.

**Hon. J. A. Taylor:** I gather what you are really saying is that industry may develop its own capacity in terms of electricity. I think Brascan is proceeding with an expansion in the Thunder Bay area, if I am not mistaken, or Sault Ste. Marie. I believe International Nickel is currently reviewing the Spanish River in terms of generating further electrical power. What I gather you are really saying is that if it's in the economic interests of private enterprise to produce a supply exceeding its own needs it should have the right or the power to sell the surpluses privately to other companies or industries without having to sell it to Ontario Hydro.

**Mr. Reed:** Yes, I am suggesting that.

**Hon. J. A. Taylor:** I think certainly that's something that might provide an inducement for smaller generation. Again, I gather that you are probably looking at maybe utilization of smaller sites in terms of generating electricity.

**Mr. Reed:** There are perhaps a couple of hydraulic sites that I can think of just off the top of my head that were bought out and destroyed by Hydro, or at least one was and the other I know was simply closed down and destroyed. The one in particular was a 500-horsepower installation at the Cataract, which was the second hydro-electric installation in Ontario. It predated Ontario Hydro. I think it was built in the 1880s. Ontario Hydro, because of its size and because of its economies of scale and so on, saw fit to



purchase that plant in about 1947 or 1948 and in 1954 dismantled it and blew out the dam. That hydraulic potential still exists today and could be reinstalled at a far more economic cost than Hydro cares to admit, and yet because Hydro has a monopoly on the sale of kilowatt hours and is the only legal purchaser at this time, then there is a potential which goes untapped.

**Hon. J. A. Taylor:** On that, you may or may not know that Hydro has made an inventory of these smaller sites, and I am particularly interested, as I expressed before, in reviewing the potential that they may afford in terms of supplementing the current supply. I would fully expect the Porter commission to examine that aspect very thoroughly.

**Mr. Reed:** What I am suggesting, Mr. Minister, is that if Hydro finds that some of these potential power sites are not economically viable, they should be made available to private enterprise and private enterprise given the opportunity to not only engage in the redevelopment of these sites but also to be able to have some revenue from that development. I know Hydro will do a certain kind of cost analysis which has really no bearing sometimes on power sites of that size, and yet the smaller kind of operator, if he can realize a reasonable return, could develop it and utilize it very efficiently.

**Mr. Gordon:** That's if he can also provide a secure supply to the customers to be served without relying back on Ontario Hydro.

**Mr. Reed:** That's between him and the customer. That's free enterprise and competition, and that's up to him.

**Hon. J. A. Taylor:** I guess there is a concern, though, that in the final analysis if some problem develops in terms of security of supply from a private operator, the consumer looks to government to fill the gaps. In other words, no one seems to be brave enough to cut the wires that Hydro erects to service them. They are looking to supply part of the load, but at the same time—

**Mr. Reed:** To this date, we haven't had the opportunity to do that. It hasn't been there.

**Hon. J. A. Taylor:** I am not suggesting that there should be any discouragement. On the contrary, I think there should be an encouragement of the utilization of smaller hydro sites and that's something that, of course, we are looking forward to in terms of the consideration of that problem and the recommendations from the Porter commis-

sion. Depending of course, on the recommendations that flow from that, it's up to government to establish policy and directives in regard to legislative changes that may enable the type of utilization of those small sites that you mention.

**Mr. Reed:** I am just saying that any form of electrical generation by private industry could be vastly enhanced if the person who was doing the capitalizing was not subject to the monopoly that Hydro holds at the present time.

**Hon. J. A. Taylor:** There is also a concern that I have, while we are speaking about this, and that is to ensure that the responsible person who is interested in generating a small amount of electricity on his own is not lost in a bureaucratic jungle in terms of the involvement of different ministries, but that some assistance be afforded him, even if that assistance is to tell him initially that he can't do it, but at least, if it's possible, to assist him in supplementing supply, and I think you probably ran into that type of situation.

**Mr. Reed:** Yes, I have done that myself, Mr. Minister. I will just leave it there. Industry's self-generation attitudes could be vastly enhanced if it had perhaps an expanded opportunity to recover at least a portion of its capital costs from outside sales. Okay, there are just a couple of other questions. One is, what are you doing with the old Hydro building?

**Mr. Gordon:** We advertised it for sale some time ago and we didn't get offers that were to our liking. We are still in the process of deciding whether we will renovate the building or not.

**Mr. Reed:** If you renovated it would you rent it out?

**Mr. Gordon:** Probably, initially, yes.

**Hon. J. A. Taylor:** Have you got a customer, Julian?

**Mr. Reed:** I thought maybe the Ministry of Energy might consider taking over a couple of floors.

**Hon. J. A. Taylor:** You have got great plans for the Ministry of Energy. That's very comforting to know. Would they be expanded premises?

**Mr. Reed:** Expanded programs and premises, Mr. Minister.

**Hon. J. A. Taylor:** I must say it's comforting to have that kind of support.

**Mr. Reed:** You do have it. You certainly do.

**Mr. Gordon:** The board haven't reached a decision yet.

**Mr. Reed:** So for two years it has been sitting empty at a maintenance cost of about \$150,000 a year, I understand. Okay.

The last question I have is on your contracts with Quebec, and I will ask you a very direct question: Why, in the name of goodness, knowing the potential that was available at Baie James, did Ontario Hydro not sit down and negotiate contracts of firm power when it had the opportunity, rather than watch Wall Street take over the major export of that project?

**Mr. Gordon:** We did intervene in the NEB hearings on the export of power from Quebec down to New York. It isn't firm power. It is the seasonal type of power.

**Mr. Reed:** Are you saying the 800 megawatts is seasonal?

**Mr. Gordon:** Yes.

**Mr. Reed:** That the 800 megawatts to New York is seasonal?

**Mr. Gordon:** It's more than 800 megawatts, I think.

**Mr. Reed:** I understand there's a firm contract for 800 megawatts plus some interruptible power.

**Mr. Gordon:** But it's a seasonal basis. It isn't the type of power that we would be after.

**Mr. Reed:** My information is that you elected not to negotiate firm power contracts with the province of Quebec.

**Mr. Gordon:** We are in contact with them constantly and whenever we can arrive at a contract which gives us the reliability that we require, the firmness of the power, and one where the price is right, we enter into a contract with them. We've done this over the years. We just finished one for one million kilowatts.

**Mr. Reed:** Yes, and that was a firm-power contract that expired at the end of last month, was it?

**Mr. Gordon:** The end is up soon.

**Mr. Reed:** And for what reason would a contract like that not be renegotiated?

**Mr. Gordon:** Because Hydro-Quebec didn't want to sell us it. It's as simple as that.

**Mr. Reed:** And you are saying that approaches were made constantly all through those years and yet Hydro-Quebec elected not to sell Ontario Hydro any power.

**Mr. Gordon:** That's right.

**Mr. Reed:** That's surprising. That response seems to me to be in some conflict with the

evidence that we were given at the select committee hearings.

**Mr. Gordon:** Pardon?

**Mr. Reed:** It's just that at the select committee hearings the indication on the transcripts is that Hydro elected not to continue negotiations for firm power because it felt it was more secure, politically and so on, to go it on its own.

**Mr. Gordon:** Not true. We are in contact with them all the time. I think the minister mentioned in his remarks yesterday that just recently we went out to all the neighbouring utilities—Quebec, Manitoba, and utilities in the United States—to see what sort of an offering they could make to us in the years 1982, I think it was, and beyond. We are still in discussion with some of them but I think he indicated yesterday that the outlook is very grim.

**Hon. J. A. Taylor:** This was following the select committee's inquiry, if I'm not mistaken. Hydro was directed to follow up with a number of utilities and—

**Mr. Reed:** So this would be following the select committee hearings?

**Hon. J. A. Taylor:** Yes. Letters were sent from the chairman of the board to a number of utilities in the period July 30 to August 4, 1976. Now, those utilities were Newfoundland and Labrador Hydro, Hydro-Quebec, Manitoba Hydro, Saskatchewan Power Corporation, Detroit Edison Company of Michigan, Niagara Mohawk Power Corporation and the Power Authority of the State of New York. You may be interested in the responses, because they go on for some pages; I would be delighted to give you a copy of this.

**Mr. Reed:** I certainly would.

**Hon. J. A. Taylor:** Is there someone here who could distribute that?

**Mr. Reed:** I would be very pleased to have those. In connection with that question, I would like to ask if Hydro offered to participate in investment in Baie James?

**Mr. Gordon:** Not in Baie James, but in the Hydro-Quebec correspondence—and we are still talking to them—I think there was a question of us participating in certain studies on plants, in which case we would have to put up money for not only the feasibility study but, I think it was also indicated, we would have to put up capital as well.

**Mr. Reed:** Mr. Gordon, what I'm trying to arrive at here is why Hydro-Quebec would elect to sell firm power to New York state



out would decline to its sister province. That's really what I'm trying to get at.

**Mr. Gordon:** It's the type of power that they are selling to the United States; it is seasonal power. We would have to put in a plant to supply our winter peak in any case.

**Mr. Reed:** You are saying that all of the power that Hydro-Quebec is selling to New York state is actually interruptible or seasonal power?

**Mr. Gordon:** Let me just quote from a letter. A reply was received from Mr. A. Demers, secretary of Hydro-Quebec, on November 8, 1976, advising of the following conclusions by their interconnections committee as a result of our request.

First, "Subject to in-service dates being met, certain energy surpluses will be available from 1980 to 1985 but no surplus power will be available after December, 1978." Then it goes on in some detail; and, as I say, I will make sure you get a copy of that. As a matter of fact, it may be here. There may be copies here that we could supply you with.

4:15]

**Mr. Reed:** That leads me to sort of speculate about Quebec's position, because it's my understanding that there is a good deal of American money going into that project and it must be with a view to get some security of supply in New York state. I'm just a little bit confused now especially when you mention the business of seasonal power, as to why Quebec would undertake such a low-return kind of sale when it has such a tremendously large investment.

**Mr. Gordon:** They have a diversity situation between the two demands. You see, there would be a summer peak and the other would be a winter peak—

**Mr. Reed:** Yes, of course.

**Mr. Gordon:** —whereas our peak matches the Hydro-Quebec peak.

**Mr. Reed:** What is indicated by that is that Quebec expects to be using all of its own power internally.

**Mr. Gordon:** That's right.

**Hon. J. A. Taylor:** I may say that you have to specify the type of American investment. It's really borrowings. It's not equity investment in Quebec-Hydro, as I understand it, in terms of American money.

**Mr. Gordon:** I guess I should add here—and it's mentioned in the letter—that from me to time they do have surplus energy available and, again, if it's at the right price

we will pick that up, as we are probably doing today.

**Hon. J. A. Taylor:** I'm not suggesting that the bit that I've read from here is all-inclusive. What I'm saying is that there is a fair amount of material, which actually goes on for pages; rather than read it out to you, you might like to look at it.

**Mr. Reed:** Mr. Gordon, I'd like to thank you very much. I know that with the reformation of the select committee to monitor the recommendations that were made by the select committee to Ontario Hydro, we are going to get into the whole business in a lot more detail, so I won't burden you with it today. But I think that your comments have cleared up a number of questions that were concerning me.

**Mr. Charlton:** Mr. Chairman, I'm not even entirely sure that my questions are under the right vote, but over the years there have been a number of things that have concerned me and, I think, concerned and frustrated the public. I refer to the way in which certain elements in the private sector, for reasons obviously beneficial to themselves, have taken from the development of alternatives in energy, especially in the area of technology for alternative forms of energy. They have taken those technological developments, in a large degree developed by private individuals, and buried them.

That may very well have been a legitimate approach for the private sector when we were in a situation where we felt that we were energy-safe for the foreseeable future. Since we are no longer, I think, in that situation, has your ministry considered or will it consider ways of ensuring that the development of that type of technology in the private sector is not buried but is made available for use?

**Hon. J. A. Taylor:** I know what you are suggesting, because I've heard it over the years myself. We've all heard that somebody has made a better carburetor and somebody else has buried it because the gas companies want to sell more gasoline or for some other reason. Frankly, as far as I know that is mythology. When we come to our own research and development people, I am sure if you have some examples, whether it is a carburetor or whatever it is, we could respond directly to any area of technology you think has been developed but has been kept secret. I would have assumed if there was some new technology it would have been patented.

**Mr. Charlton:** I was not referring to things that were necessarily kept totally secret. I



am referring—and it has been going on probably for 100 years and not just in the area of energy—to stories that continually occur in the press about that type of thing. I remember one specific example four or five years ago about a father and son from the Toronto area—I am not sure about that now but I believe the story appeared in Weekend Magazine—describing some 20-odd years of work they had done on an electric car. The reporters involved in writing the story had tested that car for some period of time and written this story. The story generally related what appeared to be a viable concept. The whole thing just disappeared thereafter. That type of thing has been going on every day, every month.

**Hon. J. A. Taylor:** Not too long ago I was in Manitoba and I think Premier Schreyer and some of his people who are conscious of energy problems were very interested in electric cars. As a matter of fact, they purchased a number of them. If you are interested, I am sure you can get one pretty cheap. They are in storage as far as I could find out. They tried them out for a while but they just did not function very well. I believe the Premier was one of the first to try them out until he was stranded. They have not been completely successful, and I am being modest in my description when I say that.

There have been some sincere efforts to pursue these areas. At first blush, you may think that you have got some dramatic solution, or not so dramatic solution, to a particular problem until you see how functional it is in different conditions—winter conditions, for example, when you are relying on a battery and you find out what happens in very cold weather. If you are in a traffic jam, how soon do you run out of juice? Can I put it that way?

**Mr. Charlton:** That wasn't really my concern. I am not really concerned about whether any of the hundreds of thousands of possibly myths that have been around would have worked at all. What I am concerned about is whether or not those stories or those possibilities are kept viable for a period of testing to find out their viability. I can't right name them off the handle but I could possibly write to you about it if I come up with a few specifics.

**Hon. J. A. Taylor:** On whose behalf?

**Mr. Charlton:** What concerned me was the sometimes followup stories that you get that so and so has bought up the rights and it is never heard of again.

**Hon. J. A. Taylor:** Presumably, if there are some rights to be sold, they would be patented and there would be a certain period of protection. Then if they were not utilized, they would become public, as I understand patent law, and I don't profess to be an expert on it. Believe me, there have been numerous people come into my ministry with some solution they think can help in terms of solving the energy problem, such as an additive to gas or oil. A chap even came in with an orange, took out his penknife and scraped very carefully the outside coating off the orange, put it in an ashtray and lit a match. Of course, the oil from the orange burned and he said, "Look, there is the solution to your energy problem in Ontario." We don't grow too many oranges in Ontario and apart from that I really don't know whether that is a panacea. I am not questioning the gentleman's sincerity—I am sorry, I did not get that.

**Mr. B. Newman:** I said maybe you should try to buy the rights for that.

**Hon. J. A. Taylor:** I might even give you a few names. Maybe I will put them on to you. I am not suggesting he wasn't sincere in that.

We have tested and we've worked in terms of pursuing different matters. We try to keep up to date. For example, in the development of new battery, a storage battery, there are all kinds of areas that we are interested in and we do pursue them. It may be that when we get into the section of the development and research there may be something that comes out at the time that you may wish to pursue in this general area.

**Mr. Charlton:** I have another question arising from some of the things that were said yesterday about the proposed home insulation program. I understand your situation and the problems that have been set out by some of the conditions the federal government has put on for Ontario. My question is: In your ministry's discussions with the federal government about this program and those conditions, do you see any way of resolving those conditions to make them fit Ontario, and getting that kind of program off the ground in the very near future?

**Hon. J. A. Taylor:** We are certainly going to try. For example, one of the conditions, as I mentioned, was the requirement that the improvements would not be subject to assessment for municipal tax purposes. That condition now has been deleted as an absolute must and it is into a "we wish you would do this" type of condition. I think it is matter of trying in a co-operative effort

to bring about some sensible solutions to those areas where we cannot realistically meet the requirements.

May I say that probably most of the other provinces are concerned about the conditions, for one reason or another. Their concern may be basically a jurisdictional intrusion into provincial rights. We have some practical considerations.

The speed limit we are not worried about because we already have that. So as far as the program's application to Ontario is concerned, we are not taking some steps because we are being levered by the federal government, because we have already done it. Sales tax reduction is an initiative we have taken. We cannot claim that we have been levered by the federal government in that regard because it is our own initiative.

When it gets to bulk metering, we are not in a position immediately to say, "Yes, we will legislate against bulk metering and compel people, through one means or another, to convert if they are bulk metered now or not to get into bulk metering in connection with new construction." We are not in a position to do that, any more than the federal government is in a position in terms of its new building code standards, because as I understand it, a further condition is an adoption of the new National Research Council standards in terms of insulation, which involves some different construction techniques. It may involve a two-by-six instead of a two-by-four in a house and will have an impact on the type of studding used by the construction industry. I haven't seen those new standards and I do not believe they were available for adoption at the time of the announcement of the federal program.

4:30]

In Ontario we recently adopted new building code standards—I think it was in 1976—which provided probably the highest standards in Canada. I gather these new standards would even be higher in some respects than the ones we currently have. Probably the federal government isn't in a position to be fully clear in that regard, and we are not in a position until we have those standards, to legislate. I would think we would want to assess that, not insofar as whether or not they are better insulating standards than we have, and we think they are pretty high, but that that might mean to the building trades the costs of construction. There are those types of things that hopefully we will be able to work out.

My view is that the money that is being put into home insulation in terms of federal

grants—which grants, as you know, would be taxable; in terms of income tax, they would be deemed income—is money that is extracted from the consumer through higher prices for gas and oil, and if there is a program that would assist the home owners of Ontario then I would very much like to see the people of Ontario participate in that money if it is there, regardless of how much it may be.

It should be clear too that the \$350, less whatever is taxable, is not enough to insulate a home or carry out the retrofit that is required. I think the federal government is the first to acknowledge that. That means there is going to have to be some supplementation of that. It was for that reason that I was anxious, as other provinces are, to see how a front-end grant could fit in with some supplemental loan program to encourage people to insulate so that we achieve conservation. Whether it is electric energy or whatever type of energy that is the object of the exercise, and I think we are all mindful of the fact that conservation is really paramount because if you don't have to build another generating station then we could save at today's prices literally billions of dollars. I think that is an effective approach.

In answer to your question; yes, we are hopeful that we will be able to participate in that funding, although we weren't entirely happy, I must confess, with the way the initiative was announced. It looked like a crash program that was announced before consultation and before working out details with the provinces and taking into consideration the differences. Hopefully we will be able to review that and come up with a national program that can be of assistance to everyone.

**Mr. Charlton:** Regarding the 1921 and prior cut-off date, how does the ministry feel about that? Would you view a closer date in terms of making the project really effective?

**Hon. J. A. Taylor:** We are very concerned about that, because if you look at the housing stock of Ontario, probably 70 per cent of it was built after 1921. So when you talk about a universal program, and most of the housing is after the 1921 date—certainly in Ontario, and I guess we have the biggest housing inventory of any province—then most of the homeowners are eliminated.

It's expected that within a few years the date would be brought forward so that we could get more current in terms of those who own newer homes. Remember, when you look at insulation standards there's



hardly a home that couldn't be assisted through better insulation.

**Mr. Chairman:** I wonder if I could interrupt for a minute? Could I have someone act as chairman for a few minutes? Mr. O'Neil, he's a member of the committee. Would that be in agreement with the committee? The vice-chairman is also absent.

**Hon. J. A. Taylor:** Mr. Chairman, is that because you're not feeling well or is it because you want to interrogate me?

**Mr. B. Newman:** He wants to speak on that better beef bill in the House.

**Mr. Charlton:** I have one last question, Mr. Minister: There's been quite a deal of talk over the past couple of years about heat-loss surveys.

**Hon. J. A. Taylor:** Thermography.

**Mr. Charlton:** Right.

**Hon. J. A. Taylor:** It involves flying over an area and using infra-red photography.

**Mr. Charlton:** Right. Are there still plans to go ahead with something along these lines?

**Hon. J. A. Taylor:** Oh yes, indeed. You may be familiar with the Lindsay project, where that community was flown. The demonstration was made over all of the community in terms of heat loss. If you looked at the aerial photographs you could see varying degrees of lightness or darkness, depending on which way you want to go on it. The lighter areas represented more heat loss, so by identifying your home—there is a system of identification of your home on these aerial photographs—and then through the age of your home and type of construction and a colour matching, you could estimate what your heat loss was and what your savings could be. This has met with a great deal of interest in that area. Of course, the followup will be to insulate those homes.

The member for Victoria-Haliburton (Mr. Eakins) was particularly interested in that. He was at the preview of the public announcement and the presentation that was put on in Lindsay. From what I could see there on that day, there was a great deal of interest on the part of the private sector in following up to see that those who needed insulation were afforded the opportunity of contracting with them to insulate their homes.

**Mr. B. Newman:** Are there any photographic studies of the Legislature in session?

**Hon. J. A. Taylor:** I was afraid that they would be completely white if you flew over

the Parliament Buildings with the amount of hot air that might be escaping.

Seriously, that is being pursued. There have been a number of other communities that have come forward and identified their interest in having their communities examined in this way so that we could, again, conspicuously identify what their heat loss is and the savings they could make—up to 36 per cent, say—in their fuel bill.

**Mr. Bounsall:** Where is the expense involved in that, Mr. Minister? Do the municipalities pay for it if they ask for it?

**Hon. J. A. Taylor:** No, it's being worked out in conjunction with the federal people and ourselves. You see, it has to be a special aircraft, with a platform and so on. I think they run about \$1 million. It is expensive equipment so there is a limitation in terms of how much you can do, and you do it in the winter as well. We don't have that capability, as I understand it.

**Mr. B. Newman:** You're not planning an airport?

**Hon. J. A. Taylor:** I think you'll ensure that we don't do that, Bernie.

**Mr. Bounsall:** It would be nice to have all of Ontario surveyed—

**Hon. J. A. Taylor:** Indeed it would.

**Mr. Bounsall:** —as soon as possible.

**Hon. J. A. Taylor:** Yes, I'm very interested in pursuing this with as much vigour as we can muster. I think this is a graphic illustration to people—you know, "That's your home." You can go out and say, "Look, this is my home. I didn't know that this was happening." You can see the heat loss where the apertures are, around the windows and the doors and the roof. And when you look at that and you can see in terms of dollars and cents what that means, then to me that's a great inducement to people to insulate.

**Mr. Havrot:** First of all I should ask the minister whether the heat loss factor has been measured on this building. I see some enormous windows here and they're not even insulated—with twin glass or Twinwalls—there is just single unit glass in some of them. This one here has it, but I just thought while you were mentioning savings and heat, we might get you to—if we're going to practise, we'd better practise what we preach.

**Hon. J. A. Taylor:** Indeed, sir, and I do take that as a very serious criticism and I think you're absolutely right. We had done that. It's not been easy because government, as you know, has a lot of buildings around the province and the energy bill is consider-



able. I believe that the energy bill for all government buildings and leased space and so on would be about \$75 million a year.

We have a program on now of retrofit to make the necessary improvements to effect a saving of 10 per cent by 1978. So there's a time frame for that and we can get into more detail on that, if you wish, but I think it's in another vote.

But this is something that does concern us. We feel that we can't tell people what they should be doing if we're not prepared, as a government, to set the example and do these things ourselves. So we are doing that. We have our technical people who are co-ordinating that program here now and they can bring you up to date on those activities.

**Mr. Havrot:** Thank you, Mr. Minister.

**Mr. Gordon:** could you give us a breakdown of the Hydro bill—for example the percentage of the Hydro bill that goes towards debenture costs, what to maintenance and operation, wages and so forth? Can you give us an idea, because this has been a sort of bone of contention with me as to what Hydro is paying for in the bills that the consumer gets?

I was very interested as to what percentage of that bill represents debenture costs, for example. I think this is quite important when we're trying to cool the heels of people who are irritated by the bills they get. The first finger they point is at the inefficiencies of Hydro, the high wages of Hydro employees, and so on. I thought if we had that information available to us it would make it a little easier to defend the cause of Hydro.

**Mr. Gordon:** I don't think I have it broken down.

**Mr. Havrot:** Imperial Oil, for example, does a pretty good PR job on television as they say how many pennies out of the dollar is profit and the rest is cost towards exploration and so on. I thought perhaps if we had some of that information available to us, it would make it considerably easier for Hydro and for the members.

**Mr. Gordon:** It wouldn't be broken down in percentages, but there's the 1976 annual report that would indicate the interest amount as a proportion of the costs.

**Mr. Havrot:** But it isn't broken down, as it is in the gas form, for example.

**Mr. Gordon:** It isn't broken down into percentages. Of course, this just covers the wholesale supply. You also have the retail costs that are associated with the supply to the ultimate customer.

[4:45]

**Mr. Havrot:** Yes. How does Hydro stand with other similar jurisdictions in North America, for example, as far as the rate structures are concerned? Are we competitive? Are we at the top of the list or are we at the bottom?

**Mr. Gordon:** We showed this chart yesterday. If you're looking at the municipalities, Toronto is down here at \$25 a month—and this is for 1,000 kilowatt hours a month. It's up to date as of April, 1977. There may be some changes in rates—it's hard to keep these things up to date—but Toronto is in at \$25. Our rural rate structure works out at \$33. Halifax is shown at \$27. They've had an increase of 47 per cent, as the minister mentioned yesterday, since that time. When you get down to the east coast, Charlottetown is at \$47, Boston \$47, and New York is \$74. I have a couple of others. Montreal, for example, is \$19 right now per month, but I have to say \$25 for Toronto.

**Mr. Havrot:** I think this is a very important chart. That or something similar is what Hydro should try to promote to the consumer. Who likes to pay increased hydro rates? I'm in the hotel business and we use an awful lot of power every month, so I'm quite concerned about hydro rates. But I think it would be a little better public relations if Hydro pointed out what other states or provinces are paying as compared to Ontario. At least it might dispel the criticism that you people have been getting from the general public.

**Mr. Gordon:** It's sometimes helpful too to relate it to things like a loaf of bread or a pack of cigarettes.

**Mr. Havrot:** That's right.

**Mr. Gordon:** You're talking somewhere in the order of a dollar a day.

**Mr. Havrot:** Yes. The other questions I have—since 1906, Hydro being a Crown corporation now, the objective of Ontario Hydro has been to provide hydro at cost to the consumers of the province. Is that correct?

**Mr. Gordon:** Yes, I quoted the mandate earlier as being that.

**Mr. Havrot:** Yes. That policy still exists today?

**Mr. Gordon:** Yes.

**Mr. Havrot:** It does.

**Mr. Gordon:** We say it's at the lowest feasible cost consistent with an appropriate standard of service security, and also consistent with the environmental and social impact that exists in society today.

**Mr. Havrot:** The last question to the minister: We don't grow oranges up in our area for forage, Mr. Minister—you mentioned the chap coming in with the orange and scraping the peel—but we do have an abundant supply of waste wood and stunted growth areas and so forth—a tremendous area for the potential production of methanol. Is your ministry aware of the report that was implemented by the federal government and issued by a firm from Winnipeg and which was just released about two months ago, on the uses of methanol and the potentials of methanol and the projected costs of methanol production?

**Hon. J. A. Taylor:** We have all of that. We've been very active in research. We conducted a seminar. We've had experts in, not only from the universities here but from foreign countries—the United States. We have an active committee now with representation from industry, for example the oil industry, the automotive industry, the research people, and federal representation. I met them not long ago. The hope is to put into place a demonstration plant—in other words tie things together so that we can reach a point where you would have a demonstration plant to establish the economic viability of a commercial operation.

Currently the Ministry of Transportation and Communications is working with us and experimenting with its fleet. It has all kinds of vehicles, from large construction type of equipment to the Volkswagen type of automobile. They're co-operating by using methanol as a percentage of the overall fuel.

I mentioned this yesterday and some of the problems that do develop. There could be problems with the engine, there are safety problems, and you get economic problems—the distribution problem, of course, because you'd have to have the distribution system and so on. So we have pursued that and we have someone here. I don't think we're on that vote at the present time, but Dr. Higgin is here and could give you more detail on that if you wish.

**Mr. Havrot:** Mr. Minister, if you are contemplating an experimental plant, particularly for the use of waste wood, I do hope you'll consider my area, or I'll be after you for it.

**Hon. J. A. Taylor:** Remember Hearst is not too far away.

**Mr. Havrot:** They're quite a bit farther north. It's much colder up there; it's better down in my area.

**Hon. J. A. Taylor:** That's not a methanol plant either, but it's utilization of the waste forest products for generating heat.

**Mr. Havrot:** Yes I know. Central heating. But methanol has a pretty exciting potential. The original article, I think, that was written in the Globe in February indicated something like the production of five billion gallons of methanol a year, was the potential in Canada. Of course, whether we should believe that or not, seeing it comes from the Globe and Mail—

**Hon. J. A. Taylor:** I must say it's very interesting when you get into the details of this because it's again a question of the crop that you use for methanol. You want to make sure it's renewable. Right now commercial methanol is made from natural gas. You don't want to use that presumably. You want to get into a renewable form of energy. There's been development, working with Natural Resources, of a hybrid poplar that you could crop every year and have it regenerate itself. That type of plantation may be the route to go to ensure a continuing supply of, say, wood products.

**Mr. Havrot:** We have an abundant supply up in our area, so whenever you're ready just let us know.

**Hon. J. A. Taylor:** Remember it's two for one.

**Mr. Bounsall:** Mr. Gordon, in your latest annual report you mention the research which Hydro is proceeding with, on the bottom of page nine—the wind generation of electricity, the solar power research which you're doing, particularly in the field of water heaters, for example, so that they can replace the conventionally equipped appliances. Hydro researchers are also working on the development of a heat pump especially suited to the severities of Ontario's climatic conditions. I'd like you to report on the current status of the research in all those areas and where you've progressed since this last report.

The area of research which most interests me is your electrolysis of water for the production of hydrogen. Just how are you coming on that? I would like to quote the second last paragraph in response to the bill setting up the Ontario Energy Corporation back in December, 1974, by a former Minister of Energy, Darcy McKeough. He says, with respect to a rather long, involved outline by myself on hydrogen generation and its possible uses, that it's 25 years away in his view and very expensive.

"It's a job for Ontario Hydro and they are spending some time and effort on it, with AECL, and keeping their eye on it."

**Hon. J. A. Taylor:** Are you reading from the—



**Mr. Bounsall:** I'm reading from McKeough's actual reply. "Perhaps they are not spending as much as they should, but we'll get a report on that for the hon. member." I'd like to know the state of that hydrogen research and I will outline my interest in it.

In the spring of 1975, in one of the more popular scientific magazines—I don't have the article with me today, but I think it was in *Scientific American*—was a six- or seven-page outline of the use of non-peak power in a generating station to produce hydrogen which is then converted to an additional source of heat energy in the peak periods to decrease the amount of generating capacity needed for peak capacity; that is with Hydro actually generating electricity. Hydro is the obvious body to get into the electrolysis of water, the production of hydrogen and the reburning of hydrogen for peak energy needs. Back in the spring of 1974, it was clearly your baby and you were spending some time on it, keeping in touch with AECL.

In the fall of 1974 it was estimated by the research scientist I talked to that we were not 25 years away but some 15 years away from the technically feasible use of electrolysis of water to produce a reasonable supply of hydrogen. Their estimate was that if any jurisdiction wanted to spend some research time and money on it, we were only seven or eight years away; and that was two and a half years ago.

The purpose of my urging at that time was for Ontario Hydro or the Ontario government, particularly Ontario Hydro, to get into the field and own the technology that would result from your investigations. I don't care whether you end up owning it jointly with AECL or not, but it's important that we get a share of that particular technological development, because it's application is quite clear.

**Hon. J. A. Taylor:** And you want a progress report?

**Mr. Bounsall:** Yes. How have you done so far on your research and technological development, either alone or in conjunction with AECL, on the hydrogen electrolysis technology?

**Mr. Gordon:** I'm afraid it will have to be a progress report, Mr. Minister. I'll have to get the information for you; I haven't got it today.

**Mr. Bounsall:** Have you done anything?

**Mr. Gordon:** I'm sorry, I'll just have to get back to my research people on it.

**Mr. Bounsall:** In that report would you indicate what ongoing contact you're having

with AECL, how many staff you have working on it and the names of those people? Because it's a part of the energy program in Ontario which you should not be—and I suspect you are—simply throwing away. There's a gigantic benefit to come to Ontario through the development of that, particularly through owning the technological rights to be developed; that would pay great dividends to us in the future. I suspect that not much is being done. I would certainly like to know, in detail.

**Hon. J. A. Taylor:** Now don't be negative, Ted.

**Mr. Bounsall:** I'd be delighted if you could say that because of what we've done over the last two and a half years, we've in fact whittled that eight years down now to five and a half and we'll soon be in the business.

**Hon. J. A. Taylor:** Hydro can send you a progress report on that, and maybe you'll even smile when you get it.

**Mr. Bounsall:** And if not, we'll be at it again. Obviously, that wasn't mentioned in your annual report for 1976. It was a glaring omission in the light of the commitment made by the former Minister of Energy and the person who controls the purse strings at the moment.

Before I leave research, how are you coming on in your heat pump development? The heat pump which is especially suited to Ontario's climatic conditions—has that been fully developed now and is it marketable?

**Mr. Gordon:** No, this is one I mentioned earlier. They are working on a hybrid system for a heat pump based on climatic conditions; you get the most out of the heat pump during summer, spring and fall and then you swing over onto some other type of heating during the winter.

**Mr. Bounsall:** How far have we got with that?  
[5:00]

**Mr. Gordon:** I'd have to get you a progress report. I haven't got that information with me.

**Mr. Bounsall:** Are you in the same situation with respect to the solar and the wind energy program?

**Mr. Gordon:** Well, I know they're working on those programs, but as to the exact stage, I'd have to get the information for you. We have a solar energy test installation, and we're trying to discover the use pattern and the impact of that on the electrical supply, particularly on water-heaters—the use of storage



against no storage and the impact of this on us as a supplier.

**Mr. Bounsall:** Do you know how many engineer and scientists you have working on it? You've got a lot of tremendous technical expertise within Hydro, men and women very capable of doing top-notch research and development in this area. They should be used on these developments.

**Mr. Gordon:** No, I don't know offhand how many would be working on that particular aspect. Most of our research is really geared to the power system, as you probably know.

**Mr. Bounsall:** But, hopefully, converting yourselves over to alternative sources.

**Mr. Gordon:** I think this is an area that the minister referred to yesterday—whether that's our role or whether it's somebody else's role. We're looking at it from one aspect. The ministry, I think, has some responsibilities.

**Mr. Bounsall:** Well, could I ask the minister if he is supplying funds for the development of any one of these four areas? Does the ministry have research and development grants for persons who apply to your ministry for funding?

**Hon. J. A. Taylor:** I think we have about 60 projects. Dr. Higgin will be able to get into more detail on those. But we are into a lot of facets, whether it's with wind or a combination of wind and diesel—the type of thing that we were speaking about yesterday. This would supply remote northern communities, not only with electrical power for household use but for communications in remote areas.

**Mr. Bounsall:** I gather this is not through Hydro.

**Hon. J. A. Taylor:** Through us. But if you're talking about electrification of remote northern communities, Hydro is involved with the installation. But the financing or the grant is through the government.

**Mr. Bounsall:** Where does the financing of the research come from?

**Hon. J. A. Taylor:** We have that in these estimates.

**Mr. Bounsall:** Okay. I can wait until that point in the estimates to ask you where moneys are going, beyond what Hydro is spending. Mr. Gordon said something yesterday which intrigued me. It was with respect to the financial situation. Of the \$330 million to be raised next year, \$170 million of that will come through rate increases. The difference of \$160 million came largely through

increased demand. I wonder how that relates to your program of conservation. It seems to me that if you take in that much money — \$170 million achieved through rate increases and the difference from increased demand—does that not say something about the conservation program not being as much of a success as any of us would have hoped?

**Mr. Gordon:** The conservation helped and the increase would have been higher without the effort in conservation that is being made.

**Mr. Bounsall:** Of the millions of dollars that it would have gone up, now that you've brought it up, how much do you estimate you will have conserved through your conservation programs?

**Mr. Gordon:** Perhaps you could look at it this way. The normal growth we've experienced, back to say 1922, has been about 6.8 or seven per cent per year. With the cutback in our capital program of \$6.5 billion in 1976, this meant we cut four million kilowatts out of our program in a 10-year period. When you relate that back to the annual growth rate, it means if we were going to supply power with the same degree of reliability as we have in the past, to the same standards, the growth rate then has to be six per cent.

**Mr. Bounsall:** As opposed to 6.5?

**Mr. Gordon:** As opposed to seven per cent. That would relate to about four million kilowatts out of the program in the 10-year period. That's the objective we have before us right now or we're going to be in a serious situation in the early 1980s. It's going to take a massive conservation effort to get there, and it doesn't all happen overnight. There obviously is going to be some increase in growth as we go out into the future to take care of the change in the economy and so on in the province.

**Hon. J. A. Taylor:** This is what I wanted to touch on. It's not that the same customers are using more, it's the fact we're going to create 100,000 jobs and I think you're an expert on that.

**Mr. Bounsall:** What you've said is you have self-imposed roughly a 15 per cent per year conservation program. Your normal rate of growth has been seven per cent and you've cut that to six per cent.

**Mr. Gordon:** We're trying to cut it down to six per cent.

**Mr. Bounsall:** You've got a one in seven reduction. That's roughly about a 14 or 15 per cent conservation obligation per year or

we'll be in trouble. Do you feel you're having any problems meeting that this year or next year?

**Mr. Gordon:** I think it will take two or three years before you really see whether it's taking hold. Our people firmly believe now that it is going to take hold. Initially, when we set up our conservation provision they set certain targets. Within a year's time now our load forecaster has built those into his load forecast. In other words he's beginning to say, "I see that happening."

**Mr. Bounsall:** He sees it happening now. Have the means of achieving that been covered yet? I haven't been able to stay consecutively throughout the estimates. Have you touched on that? How are you actually achieving it? Have you got an estimate from your conservation director that he can see it happening? How has he achieved his insight now? What has Hydro done so that he can now say he can see that saving coming forward?

**Mr. Gordon:** In certain areas, say in the residential, with the programs we've got we'll be able to make savings there, as well as with the programs we are putting into effect in industry, where we can get a fair chunk of saving.

We're going out, along with the municipal utilities, to survey 14,000 industrial customers to show them how they can make savings in their supply. In the commercial field, we're going into some of the areas where waste is fairly obvious, some of the retail outlets for example, with excess use of lighting, excess use of refrigeration, open refrigeration in stores and so on. We're getting a very good reception.

That's along with other programs that are being introduced by other people, at the ministry for example. It all works together. We believe we will get the saving that's required. We'll just have to wait and see, it's a waiting game.

**Mr. Bounsall:** On the open refrigeration storage point that you mentioned, what is the saving value by covering that over as opposed to leaving it exposed?

**Mr. Gordon:** I wouldn't know, but it is obviously a waste, isn't it?

**Mr. Bounsall:** I want to know just how much it is.

**Mr. Gordon:** I haven't got that figure.

**Hon. J. A. Taylor:** If you look at an ordinary refrigerator, and you know, we got into—

**Mr. Bounsall:** What I am saying is, your engineers must know how much you save by

closing that in, even if it's opened from time to time.

**Hon. J. A. Taylor:** Apart from the commercial sector—I was going to say even the residential sector—our people have looked into that and, depending on the habits of the homeowner, you can save half your energy, depending on how often you open your refrigerator door. What I am saying is that it is an area we have looked into.

In fairness, too, when we get into electrical consumption, there are some developments which, instead of saving electrical energy, use more electrical energy; in other words, they draw on electrical energy but save in the overall energy deal. Let's say we have a heat pump that is operated electrically, whereas before we were heating with some other method; for example, if we use a heat pump that draws sewer gas to heat a building, we may be using more electricity but at the same time there is a great saving in overall energy consumption. That's the type of thing Hydro will have to contend with as well, I guess.

**Mr. Bounsall:** Have you put some of these suggestions and savings together, as you update them, into a handy available booklet? In the last year I can't recall something crossing my desk in this regard in the way of a pamphlet.

**Hon. J. A. Taylor:** We have a booklet, yes.

**Mr. Bounsall:** Was it developed in the last year?

**Hon. J. A. Taylor:** Yes, and it has been very popular, too. We had another printing of about 40,000 copies.

**Mr. Bounsall:** I would be pleased to get one; I don't think I got an updated version in the last year. Certainly the insulation booklet put out by the federal government on how to insulate is stacked up at the checkout counter of every lumber supply company and home building supply company and is pretty readily available. I am just not as aware of your booklets in this area relating to your Hydro savings on how many times you open your refrigerator door, whether or not you keep your freezer filled with newspapers if it isn't filled with other things and so on. I look forward to receiving that and urge you to keep updating it as you turn up new information.

**Hon. J. A. Taylor:** We are doing that. Yesterday I mentioned a new one that is coming out in terms of solar energy, and we think it is an excellent production. The copy is just being finalized now. All of the illustrations have been done. It covers not



only a pedestrian approach in that anybody can read through the big print and get the message conceptually, but those who want a more technical treatment can get into the finer print and pursue it from there.

**Mr. Bounsall:** When is that one available?

**Hon. J. A. Taylor:** The end of August. The finishing touches are being put to the copy; that is, the writing part of it. We are making great headway in that area.

**Mr. Bounsall:** There is one last point touching on your thermography program. Do you have plans to do other centres in Ontario? What are your plans?

**Hon. J. A. Taylor:** Yes.

**Mr. Bounsall:** I would think it would be very helpful in the top 10 cities in Ontario, irrespective of where they are, to get them done in the first instance. Although Windsor is one of the warmer cities in Ontario, you still get the same percentage heat loss by lack of insulation relative to the outside temperature in given times as anywhere else. I would urge you to get it done in Windsor as one of your top priorities. If it requires a letter from council or something—does it require that to have it done? Where does the invitation come from?

[5:15]

**Hon. J. A. Taylor:** We have had a number of municipalities approach us.

**Mr. Bounsall:** I only expressed it on behalf of Windsor.

**Hon. J. A. Taylor:** I am just trying to recollect the communities on the immediate list. I think that Stratford is one. I believe Brockville is another one. There are about four, if I am not mistaken.

In any event, there is an ongoing program there. There is a limitation in terms of the equipment, as I indicated. It is expensive, so there is also a limitation in terms of the cost. But that is an ongoing program and, hopefully, with the success we perceive in terms of Lindsay for example, it will be accelerated.

**Mr. Bounsall:** Is that the rate per year that you are doing it? Four municipalities the size of Brockville, say?

**Hon. J. A. Taylor:** I really don't think we have established a rate yet. Again we are into an area that really concerns me—and you are going to get me involved in pricing and government take in terms of oil and gas, the literally billions of dollars of windfall money that falls into government coffers, either the oil-producing provinces or the federal government, through the formation of the domestic cartel—and that is all it is.

With that type of revenue generated, again it is my view that we should take those consumer dollars—if it has to be that the consumer has to suffer higher prices—surely the revenues or a good part of those revenues should be put into all areas of energy, not just exploration and renewable energy, but in conservation, for example.

**Mr. Bounsall:** Agreed.

**Hon. J. A. Taylor:** Again, I don't want to make a speech, but it could be assisting Nova Scotia in connection with its conservation, it could be the Fundy tidal waters; it could be some other project in Manitoba, Newfoundland or somewhere else. I think there is a great area, first of all, in conservation; more of those funds could be put immediately into providing the physical facilities; we have the technology, we know how it is done and we have the experience. We don't happen to have the equipment or the aircraft that could be made available. I would like to see more of that kind of thing coming back to the community.

**Mr. Reed:** If you want some help in twisting Alistair's arm, I'll go with you.

**Hon. J. A. Taylor:** Yes, I plead with you to join hands with me.

**Mr. Bounsall:** In that regard you certainly have our support. What headway are you making on that? When is your next opportunity?

**Hon. J. A. Taylor:** It is in the winter that it is flown.

**Mr. Bounsall:** No, to make the point you were just talking about.

**Hon. J. A. Taylor:** The opportunity is ever there. The same is true with regard to oil and gas prices. We hear a lot about the increase, and I would like to see the public involved and enthused about this thing and saying: "Are we going to suffer those kind of increases? Why don't they get after the people responsible?" The consumers should put pressure on those who make the decisions. Basically, you know where those decisions are made—by the producing provinces and the federal government.

The federal government, of course, has the trusteeship of the people of Canada as a whole to ensure the protection of the consumer under The Petroleum Administration Act. But where is that groundswell of public opinion in terms of damping the ever-escalating increase in oil and gas prices? I have been looking for it. When there is the suggestion that you raise Hydro rates, there seems to be no lack of immediate concern from your constituents and mine in terms of



those rates going up. But in terms of the dollar increase in Hydro rates, 35 per cent of that is due to the increase in fuel costs; so there is a feed-through there. We have to stop this before it gets to the point where we have to consume those fuel costs in order to generate electricity.

Anyway, I am saying this isn't a political matter. This is something that concerns all of us regardless of our political philosophy. I think it is important to ensure that we work together with a common goal, to influence, or pressure if you wish, whoever we can to get some of those dollars recirculated. That is why, when we talked about the insulation program; fine, if the federal government is going to spend \$190 million in the first two years, out of the extra \$1 billion it will receive through increased costs, for home insulating it is something, and a little bit of that will come to Ontario. I say a little, because of, for example the pre-1921 requirements. It is small, but let's take what we can if it can help conserve energy, if it can help people to insulate their homes. I think we have to keep more of those dollars in what I described yesterday as a closed system in terms of keeping the money within the energy cycle so that what is taken from the consumer in terms of surplus taxation or royalties should be recycled to develop a security of supply, technology, conservation and more effort in terms of renewable sources of energy.

**Mr. Reed:** We certainly agree with that.

**Mr. Bounsall:** For the last year and a half, when anyone has contacted me about gas bill or hydro bill increases they thought were unreasonable, I have questioned them about the insulation of their homes. Some of them have done something about it, I am sure not all of them. I live in a relatively new house and I didn't know what insulation I had in my attic. After having handed this information out for a year and a half I finally decided I should check mine and found it to be R7 when it should be R20. I have since been adding to it at the rate of 10 bats a weekend over the last four or five months.

**Hon. J. A. Taylor:** That is not bad batting.

**Mr. Bounsall:** As for the conservation program, I see this thermography as one of your main tools, because if a person calls me up and asks, why his bill is so much relative to what it used to be, I'd like to be able to sit him down at the map and let him have a look at the results on his house; that really drives the point home. I tell them they should look at their insulation, and it should

be R20 and it should be R12 in the crawl spaces and all the rest, but that would really be the example of it. When they go down and see how they compare with their neighbours, they really go on a program of sitting down and talking to those people quite systematically. I would like to see this thermography program as widespread as possible.

**Hon. J. A. Taylor:** I agree.

**Ms. Bryden:** Mr. Chairman, I have one question relating to Hydro, if I can take advantage of Mr. Gordon being here. With regard to the Globe and Mail story on July 6 about the Bruce-Essa transmission corridor, it is reported in that story that the Bruce-Essa route was rejected as an alternative to the Bruce-Milton corridor on the grounds of environmental impact and system security, but that the Hydro witness appearing before an expropriation hearing, Arthur Mosher, under cross-examination admitted there never had been a formal study of the Bruce-Essa environmental impact. What I would like to know is, at the time these routes were being considered was it routine or part of Hydro's policy to make an environmental impact study of any proposed corridor? If so, why was the alternative not subjected to an independent environmental impact study? If there was one made of the Milton corridor, was it based on the twin-tower route, which was finally accepted after the initial proposal of having a single-tower route via Milton and a single tower via Kitchener had been rejected, according to the story anyway?

Those are the questions I have about that particular corridor. I understand the land-owners feel that the Bruce-Essa proposal has not really been adequately studied.

**Mr. Gordon:** There was an environmental study on the Bradley to Milton line, that area, but it was a study that probably wasn't as widespread as the type of environmental impact study that is carried out today. You have to put some limitations on it or you will be looking at the whole province for a certain route.

I think it is right that there wasn't a specific environmental impact study for the Bruce to Essa route and down that way; but it was considered as part of the Solandt hearings. The indication at that time was that there was concern we should come down from Bruce to Georgetown or to Milton.

**Ms. Bryden:** Was there an environmental study of that particular route?

**Mr. Gordon:** Yes, there was quite an elaborate study of that area.

**Ms. Bryden:** When there was a fairly substantial citizens' group asking for the alternative route, wouldn't it have been logical to do a study of that particular alternative—not every alternative, but of that particular alternative?

**Mr. Gordon:** There comes a point in time when you have to reach a decision as to which route you are going to take. I can't give you the date, but it was agreed that was the route that would be followed, therefore an environmental study, as I said, was taken of that more or less limited alternative.

**Ms. Bryden:** You mean of the Milton one?

**Mr. Gordon:** The Milton one, yes.

**Ms. Bryden:** But not of the Bruce-Essa alternative?

**Mr. Gordon:** No.

**Ms. Bryden:** Construction has not yet started, has it, on the Bruce-Milton route?

**Mr. Gordon:** They are starting on the north end of it now.

**Ms. Bryden:** So it is too late now to consider looking again at the Bruce-Essa alternative, which I understand is shorter? Whether it's cheaper, I am not sure, or whether it goes closer to major load centres.

**Mr. Gordon:** I think the delay we estimate will be something in the order of three to four years to start again.

**Ms. Bryden:** Is that how long an environmental assessment usually takes?

**Mr. Gordon:** By the time you go through the whole process, yes.

**Hon. J. A. Taylor:** There's a piece in the report of the Solandt commission—I have it here and I'll just read it if I may, so that you know there was some consideration given to it. It's entitled "Bruce to Essa" and it says: "Further study of the proposal convinced me that it would not be easy to find a socially and environmentally acceptable route for the Bruce-to-Essa line, because it might have to traverse some of the most popular scenic and recreational terrain in southern Ontario." The reason I am reading this is because it just wasn't that the alternative wasn't considered.

**Mr. Reed:** Go on from there, Mr. Minister.

**Hon. J. A. Taylor:** "Since Ontario Hydro presented convincing evidence that the Bruce to Essa line would not produce useful improvement in the transmission system, the commission concludes that no further con-

sideration should be given to the Bruce-to-Essa line."

[5:30]

**Mr. Reed:** There is the core of the contention on this whole issue. The evidence was not presented by Dr. Solandt, the evidence was presented by Hydro to Solandt. That's the core of this. I haven't brought this up at these hearings because it could protract them from weeks, but that is the core of the problem right there.

**Hon. J. A. Taylor:** That was the evidence that was there, that Solandt accepted apparently, but the criticism is that it was Hydro who presented the evidence.

I may say in connection with this—I think there was a newspaper report on this—that I was very concerned about a number of matters on this since becoming minister, because it befell me to review the report of the inquiry officer in connection with the different sections of that line, to give my reasons for the decision and to proceed with the necessary expropriation. I was concerned in regard to the whole area of communication with people, not only in regard to a free exchange of information, but also in regard to expropriation. People get a notice that you are expropriating their property and you have to offer a price, and people say: "Well, they are expropriating at a price, and I've got to sell this to Hydro for X number of dollars." That's not necessary at all.

A question came up in the House in connection with the development of a letter that would be a guide to property owners, which we have developed just recently, to indicate the approach. In other words, it may be a person would rather sell his whole farm than have the transmission line go through it, and the person may have all kinds of concerns. So we have indicated in pedestrian fashion what the procedure is in the offer, the policy in connection with dealing with people, hopefully to effect a more friendly approach and an open approach, so that there wasn't the perception that you had someone with a big stick trying to beat everybody into place.

In regard to the interested citizens group, my deputy, Mr. Rowan, who is sitting next to me, had quite a lengthy meeting—I met with the group at one stage and Mr. Rowan followed up on June 17. He spent something over seven hours with them in connection with information that Hydro may have and that they felt they should be privy to. Mr. Rowan wrote a letter to them, and I followed up and confirmed it, because it involved not only the enumeration of criteria that Hydro



used in its submission to Solandt—I am going back to December 23, 1973—but the systems analysis data prepared by Hydro in connection with the direct Bruce-to-Milton route.

This is set out, and I would be happy for you to see that. We decided to make the information available to the people; and not only that, I undertook that they could have a consultant, a consulting engineer, to evaluate that and we would pay for that to assist those citizens. I think if there is the perception that you have some information or evidence that is under cover, that you may be hiding something, or consideration wasn't given to it, there's something in those reports that may help the other person or may be adverse to your position, it is a matter of being open and even-handed to dispel that impression. When I wrote I said: "To assist your group interpret that data, should you wish my deputy has offered to retain on your behalf a qualified engineering consultant. I should like to confirm that offer." That was sent by me on June 20.

**Mr. Reed:** The incredible part of that is that all this is just cloud cover for the fact that in that particular instance and on that particular corridor Hydro did not follow through with its normal procedure, which was to conduct an independent study. The Court of Appeal has upheld this particular point of view. Why cloud the issue? They goofed.

**Hon. J. A. Taylor:** You know you are getting cynical.

**Mr. Reed:** They goofed, and you are covering for them.

**Hon. J. A. Taylor:** On the contrary.

**Mr. Reed:** Oh come on! Don't apologize.

**Hon. J. A. Taylor:** It's not a question of being argumentative. As far as I am concerned, it's a policy of openness, and we've had the co-operation of Ontario Hydro in this. It has undertaken to provide all of that data. That is why it disturbed me when I read the newspaper report you just mentioned.

**Ms. Bryden:** Could this report you are referring to be considered an environmental impact study in any form? Does it deal with that or does it deal mainly with the system's efficiency?

**Hon. J. A. Taylor:** Actually, there are a series of reports. One is criteria Ontario Hydro used as the basis for its submission to Dr. Solandt, its submission of December 23, 1973. There is the system analysis data prepared by Ontario Hydro on which it

formed its judgements in 1973 that the direct route, Bruce to Essa, was not a viable alternative and that the Bruce to Milton alternative was better. There was the systems data produced by Ontario Hydro on the power needs of northern Ontario.

It was recognized by all that this is an ongoing study and that conditions change over time in regard to those power needs. There were the notes prepared by Ontario Hydro for the meeting held between the interested citizens' group and the cabinet committee on resources development.

It was that material that was offered to them, and also the services of a consultant to interpret and assist them. What I'm saying is that we can't go back. I suppose if we were to go back to 1973 or before we would all have views maybe on how we could have done it differently and we would have the experience.

**Mr. Reed:** You would be doing it right then.

**Hon. J. A. Taylor:** I can only pick up from where I came into the picture. What I am trying to do is to make the situation right insofar as possible for the present owners who are affected. Regardless of where you put a line, you are going to hurt somebody. It's a matter of creating the minimum impact and upset to people.

**Mr. Reed:** You should see my riding right now. It's got a double corridor going east-west, it's got a single line going down the 9th line. If you get your way the whole riding will be chopped into four pieces and the corridors will be visible from any given point.

If you want to talk about corridors with the least impact come out and look at what's there now. You can't go ahead with it because you don't even have an amendment to the official plan of Halton Hills to go and string the wires but you've got the towers up anyway.

Don't tell me about the least impact. That's a tragedy out there. Let's face it for what it is and not try and cover the thing up. It's a mistake. It is a mistake that was made by Hydro. The sooner we face that fact and accept that the better it will be.

**Mr. Chairman:** Mr. Reed, we will have to revert back to Ms. Bryden.

**Mr. Reed:** I'm sorry, Mr. Chairman. I apologize.

**Ms. Bryden:** I appreciate the assistance of the member for Halton-Burlington because it appears to me there certainly was no environmental impact study. I did ask, was



the environmental impact study of the Bruce-Milton line based on the single-tower or the double-tower proposal?

**Mr. Gordon:** I'm not sure. They probably came to the decision that it would be on a double-circuit rather than a single-circuit tower.

**Ms. Bryden:** According to the newspaper story, the decision that it would be on a double circuit was due to the provincial Treasurer (Mr. McKeough) saying the Kitchener route was not acceptable, I don't know for what reason.

**Mr. Gordon:** I don't think that's correct. When we were carrying out studies on the east-west line, initially those were to be single-circuit towers as well, and as a result of the public input that was made to the Solandt commission there was a preference to go to a single tower with a double circuit. We are doing that on the east-west line. We are also doing it on the Bradley-to-Georgetown line.

**Ms. Bryden:** Is it your policy in future to make an environmental impact study of not only Hydro's initial proposal but alternatives that are put forward by substantial citizens' groups?

**Mr. Gordon:** Yes. When we make one of these studies now it covers a much broader area than the area covered by the impact study on the Bradley to Milton line. We would cover more alternatives.

There's been quite a change, I might say, in the whole process since that time. I think you realize this too, Mr. Reed. Everybody was at the learning stage when we became involved in the Solandt commission and a lot of changes were made both in the way we do things and also in the way the various studies are carried out. We admit this. We were all learning how to do it.

**Hon. J. A. Taylor:** The legislation, of course, is changed now too. You have The Environmental Assessment Act.

**Ms. Bryden:** My final question is, is it too late to reconsider this route and provide an environmental study of the alternative route?

**Mr. Gordon:** What I was saying was that if we carried out an environmental study and moved over to the Essa route and went through all the process and went through the expropriation hearing process and so on, we forecast it would take something in the order of three to four years. We just haven't got the time on that particular line.

**Ms. Bryden:** So it's rather unfortunate for the landowners that they didn't get the

assessment in the first place. Then the whole route might have been different.

**Mr. Chairman,** I will go on to my next question, if I may. Under this vote there is \$61,000 for Experience 77. I had to thumb through the Experience 77 booklet several times before I could even find the Ministry of Energy's submission, because it is on the very back page—not in alphabetical order as other ministries are. It appears as though it was a bit of an after-thought to involve the ministry in this program.

**Hon. J. A. Taylor:** You really don't mean that.

**Ms. Bryden:** I don't know why it is out of order.

**Hon. J. A. Taylor:** I would hate to be considered an after-thought.

**Ms. Bryden:** It suggests there would be 22 positions provided for summer students at the upper-level community college and university student levels enrolled in scientific-related courses. But it says, "Do not apply to the ministry; apply to the placement centre," presumably at those colleges and universities, for information. I was going to ask the ministry if they had any idea how many applications were received for these 22 positions, but they probably don't because none of them came through the ministry.

[5:45]

Also, these positions are advertised to be for approximately 14 weeks. I don't know whether the ministry is aware that students applying for student aid under OSAP are assumed to have worked for 16 weeks if they had summer employment, and they make a calculation as to how much they are supposed to have earned in that 16 weeks before they calculate their student aid. There are provisions that if they weren't able to work for 16 weeks there is some possibility of adjustment, but that's the assumption under OSAP. The ministry is offering two weeks less than OSAP is expecting them to work.

Secondly, the wage rate suggested in this brochure is \$3.50 to \$3.75 an hour, which is pretty low for upper level community college and university students. It is not much above the minimum wage. Those are other things that made me wonder what kind of jobs were being offered. I would like some information as to the number of projects that were offered by individual community colleges and universities, where they were and what sort of work was being provided. If you take the \$61,000 and divide

by the 22 positions, you get about \$2,800 per position. This works out to about \$200 a week for 14 weeks, which is considerably above what that wage rate would provide. I don't know whether the administrative costs are going to take up some of the money. I would like some more information on that particular effort of the ministry to assist in the government's program of providing summer employment for students, which as we all know is a very serious situation this summer. There are not nearly enough summer jobs available. The government kept saying it was going to increase its contribution in this field in order to try to meet the crisis in summer jobs, but this seems to be a very minuscule contribution to that effort.

**Hon. J. A. Taylor:** We did increase it, actually. We increased it to 53 students.

**Ms. Bryden:** From the 22?

**Hon. J. A. Taylor:** From the 22.

**Ms. Bryden:** Has the amount of money been increased?

**Hon. J. A. Taylor:** Yes, it is \$111,083 now. That came subsequent to the printing of the estimates. There are 18 projects sponsored by the Ministry of Energy. As a matter of fact, the news release on that was put out on May 10 giving the information. I have a list of the projects, if you wish me to go through them, and the number of students that were employed.

**Ms. Bryden:** Have you filled all 53 positions?

**Hon. J. A. Taylor:** Yes.

**Ms. Bryden:** Have you any idea how many students applied?

**Hon. J. A. Taylor:** I couldn't say the number of applicants.

**Mr. Reed:** Are you giving them a \$4 an hour minimum wage?

**Hon. J. A. Taylor:** Almost. When you look at that, it's not bad.

**Ms. Bryden:** Do you think \$4 minimum is an acceptable level?

**Hon. J. A. Taylor:** I am not going to debate that in these estimates.

**Ms. Bryden:** Have you any idea what length of time?

**Hon. J. A. Taylor:** It is from 12 to 16 weeks.

**Ms. Bryden:** Some of them are under the amount that OSAP stipulates for students to work.

**Hon. J. A. Taylor:** Yes, but that doesn't mean they couldn't get other work.

**Ms. Bryden:** It is very difficult to get a few weeks work to make up the time.

**Hon. J. A. Taylor:** Not necessarily. Again I won't debate that, but I guess it depends on what part of the province you are in and what seasonal work there is available.

**Ms. Bryden:** I wonder if the minister could provide me with a list of the projects and where they are.

**Hon. J. A. Taylor:** I would be happy to do that, rather than read them out. I have them here. There are several pages. Rather than read them out I can give you a copy of that page.

**Ms. Bryden:** My next item is with regard to the home insulation program which the federal government announced in rather vague terms and on which there was some comment in the House in question period on June 28. The minister pointed out there were a number of conditions attached to the federal program with which provinces had to comply if they wished to participate in this program. You pointed out, I think, that the fourth condition, about elimination of bulk metering, was rather difficult to comply with at the present time. Does that mean that if we can't comply with it, this province will not be able to participate in that federal home insulation program at all?

**Hon. J. A. Taylor:** I would hope not, because I think there should be some potential for flexibility in that type of thing. We had more concern with the bulk metering in terms of natural gas than electricity, especially where you have a centrally heated multiple-family building and one furnace and are trying to have individual furnaces or something.

We have been studying that. There was a committee that was set up some time ago. It has reviewed the reports that were the basis of the federal view. There were some studies done in the United States in terms of bulk metering on electricity. I think, generally speaking, from the evidence that I have seen so far, bulk metering does encourage a greater consumption if you are talking about electrical consumption.

The object of the exercise is to save energy. We were taking those initiatives before there was any announcement of a federal program. We haven't advanced the jurisdictional problem in terms of intrusion on provincial rights under The British North America Act and arguing that we were being levered into an amendment as a condition to getting into this program, because I think we took our own initiatives.



In other words, we reduced the speed limits, so we don't have to worry about saying we will have to be levered by the federal government to reduce speed limits; they are already reduced. In the other areas, we have taken off the sales tax on insulation, so it wasn't a question of being forced into that; it was on our own initiative. In the area of insulation standards, again, as I pointed out in the House, we probably have the highest standards in Canada right now.

What the federal government was referring to were some new standards that apparently have been developed by the National Research Council. Again, as I pointed out earlier today, we will have to measure the impact of that on our housing industry as well, because if you are required to change two-by-fours to two-by-sixes to accommodate that insulation, there may be some spinoff from that that will have another effect that we must consider. Hopefully we can comply with that type of thing without too much difficulty.

Bulk metering I have already mentioned. There was another condition that was imposed at first and that is in connection with the assessment—that the improvements would not be assessable for municipal taxation purposes. That's being transferred from that requirement as a condition to something that we would like to see happen but we are not insisting on it.

Again, I would just be repeating myself to say that I think it's important to make whatever adjustments we can to ensure a national program that will fit in with the existing provincial programs that are in place.

In Ontario, as you know, we have been working in the Ministry of Energy for some time on a fuel-saver loan program that would fit in very well, we think. Also the Ontario Home Renewal Program that would apply to persons earning less than \$12,500 a year would be of some assistance in including insulation in the criteria for that program to those persons of lower income who couldn't afford to borrow money to insulate or might not be able to get a loan. So we would have that program which would provide assistance in terms of grants and lower interest as well.

What I'm saying is that it's important to approach these things in a co-operative spirit to see if adjustments can be made to dovetail into existing programs. When I spoke to the federal Minister of Energy on this, he called me to say he was going to announce it. There wasn't provincial in-

volvement, and it has upset a number of the provinces that there was a lack of consultation in this area. Also, the jurisdictional problem has upset some of them.

When he called—and I don't think I'm being unkind—he wasn't really knowledgeable in regard to Ontario's Home Renewal Program. Unless you're familiar with what the existing programs are, it's hard to develop a national program that's going to be equitable and to accomplish what we want to accomplish. But, I'm hopeful the people of Ontario surely can participate in some of the recycled money from increased energy costs to assist themselves. I'm hoping we can work something out there all right.

**Ms. Bryden:** On the bulk metering question, I find it a little hard to figure out how you would bulk meter for gas furnaces; certainly—and I'm not sure whether the federal government really had it in mind to have individual furnaces in every apartment.

**Hon. J. A. Taylor:** They probably never thought of it. If you have gas-fired central heating for a number of units, surely, the sensible approach is not to go and take out a single furnace and suggest that every unit must have a furnace and that you have to meter that furnace. I would hope we would not get involved in that type of impractical condition. What I'm saying is that I would hope there is sufficient potential for flexibility that we could overcome these minor changes.

The tri-party committee studying this is made up of the OMEA, the AMEU and Ontario Hydro. It has been in place for some time in regard to the area of bulk metering in regard to electricity; it wasn't dealing with gas. We expect that report in September or October, so it's imminent.

**Ms. Bryden:** Have we made bulk metering outlawed for new buildings under the building code yet?

**Hon. J. A. Taylor:** No, there's a moratorium in that regard. That was asked for by the OMEA and AMEU. If you were apt to ask me, without my having done the research and reviewing the report and so on that other people have done, I would think that people would use more if they weren't individually charged. Everybody's property is nobody's property and everybody's business is nobody's business, and you're a little more careful when you have to pay for what you use.

The committee recessed at 6 p.m.



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# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Energy



**First Session, 31st Parliament**

Thursday, July 7, 1977

Evening Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC



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# LEGISLATURE OF ONTARIO

THURSDAY, JULY 7, 1977

The committee resumed at 8:07 p.m.

## ESTIMATES, MINISTRY OF ENERGY (continued)

On vote 1901, ministry administration program:

**Ms. Bryden:** Mr. Chairman, we were talking about the insulation program of the federal government. It seems to me pretty evident that the federal program is quite a long way down the pike. It's only been announced; there's been no legislation on it yet; and there's all this negotiation with the provinces still to come. I also understand that in their effort to work out an apportionment of any money put into it they're putting limits on the vintage of houses to which it would apply, and that it wouldn't apply to any Ontario houses that were built after 1921. Is that correct?

**Hon. J. A. Taylor:** Yes, for the first few years.

**Ms. Bryden:** Then after a few years, it might go up, I suppose.

In view of these facts, it seems to me that if we're really serious about getting some energy conservation through insulation programs, that we should be thinking of our own Ontario program in the interim, at least until the federal program takes hold—if it ever does. I would like to ask the minister if he's studied—for one thing—the proposal put forward by our financial critic, the member for Ottawa Centre (Mr. Cassidy), in his budget speech last April. This was for an insulation program of grants at about a third of the cost. Grants were at a somewhat higher level in northern Ontario, of course, where the costs would be higher because of the need for greater insulation. Would the minister consider introducing a program of that sort?

I understand the minister put forward, at one of the federal-provincial meetings, an Ontario fuel-saver loan program. I'm not exactly clear what kind of program he has proposed. I would like some information on that, whether it is something he might put into effect more or less immediately so that

we can start getting the benefits of energy conservation from an insulation program, especially now that we have these aircraft out telling us where the energy losses are.

We might as well put that information to work. There's the additional fact that if we did set up a program of this sort, we would create a considerable amount of employment in Ontario at this time when we really need jobs. So, I wonder if the minister has any plans to get an insulation assistance program under way.

**Hon. J. A. Taylor:** Yes, indeed. As I explained yesterday, the first indication I had of a federal program was when I attended the last meeting of the provincial ministers of energy and the federal minister in Ottawa. I think that was on May 11. Before the morning meeting, I read a little note in the *Montreal Gazette* which indicated a federal initiative to spend \$1.5 billion on an insulation program.

I felt that was interesting because in between the first meeting of ministers earlier in the spring and the second meeting, we were asked, as provincial ministers, to present our initiatives on conservation. That became an item on the agenda, without any item covering what the federal initiatives might have been. So I did raise the questions of federal proposals. Apparently, the newspaper report was merely a notion at that time and, of course, the conference was to discuss pricing. There was really no discussion of conservation programs for any of the provinces. It was just a subject that should be discussed but there wasn't time to consider it there. It was something which seemed like a last-minute suggestion. I thought it was of such significance that we should have a separate conference to exchange information and suggestions, to see if we could do something constructive in this whole area.

That was really the first indication. At that meeting we had under way, in the ministry, a proposal that would provide for loans. There is considerable evidence that the programs that were working and in place in Nova Scotia and Prince Edward Island—these were the \$350 grant programs sponsored by

the federal government—were causing some problems; federal and provincial jurisdictions were mixed. People were not applying for loans. They would go as far as the grant and when the grant ran out they wouldn't go for the loan to carry forward with the complete insulation, and you couldn't insulate a house or effect the necessary retrofit for \$350.

I thought that before any crash program on the part of the federal government, we should indicate that the province of Ontario was, indeed, thinking about a program and doing something to define what that would be. So I made mention of that fact, to caution the federal minister that it might be worthwhile to consult with the provinces before there was any introduction or suggestion of a program.

That was a premature announcement on my part. It really wasn't an announcement as such. It was an indication on my part, because, frankly, I hadn't finalized the package in terms of presentation to cabinet. But it did get out, and there has been considerable interest expressed in that since. I may say that a presentation has since been made to cabinet, considered only yesterday. The details will be reviewed by the cabinet committee on resource development and brought back to cabinet.

Our proposal was to provide loans up to \$2,500 with provincial sponsorship that would ensure a subsidy of interest which could be in the area of five percentage points. The payback period would, in our estimation, coincide pretty well with the saving element in terms of fuel costs. It wouldn't be a bureaucracy that would have to be set up. It would run through the normal banking system and would be inexpensive in that regard. For very little public moneys we could generate a lot of capital in terms of insulation. That is, in a general way, the thinking.

I would be repeating what I have said probably three or four times since these estimates began if I went on to express the view that I think there is always a danger in announcing precipitously a crash program without the consultation with the provinces when you are talking about a national scheme. When we are talking about provinces that have some programs or efforts in place in terms of conservation—because we have had response from other provinces, and other jurisdictions have been well on the way or have had something in place—it is a matter of dovetailing with that so that maybe out of all of our plans we can come forward

with a truly national program that is going to really solve the problem that we see.

That is, the object of the exercise surely is to insulate in order to conserve energy, first of all, and secondly, of course, to save the home owner money in terms of his energy fuel bill. All I can say in response to your query is that we are carrying on provincially with our initiative and I hope we can get something out of that. I think we have to bear in mind, as I mentioned earlier, the fact that we have included insulation in the Ontario Home Renewal Program, where you have a system of grants and favourable interest rates. That is run through the municipalities. We have taken the sales tax off insulation.

There may be other efforts. For example, the condition that the federal government announced in terms of municipal assessment and taxation in terms of home improvement in regard to insulation should not be applicable. That is, a person should not be assessed and taxed municipally for this type of upgrading. That has been removed as a condition. That doesn't mean it is necessarily bad. It may be that we should give consideration to that.

Frankly, I would like to give consideration to other initiatives that would provide incentives to home owners to retrofit or insulate their homes so as to effect economies, not only to themselves but in terms of the overall energy picture. I think anything which is a disincentive should be scrutinized very carefully. If you are going to upgrade just to find yourself assessed and taxed more, then you may want to consider that.

Mr. Young: Mr. Chairman, is the province thinking of setting standards for insulation? I think of my own experience where I got an insulation company to come in last fall, being a good citizen. I had read a story in the newspaper about how it should be done, and when they came and put the hose up to the attic I said, "Aren't you going to seal the electric openings to the bedrooms?" The article says it will allow moisture, humidity, to come up and ruin your work eventually." Oh no, they had never heard of that.

Being a stubborn cuss, and having the plastic around, I got pieces of plastic and finally, over their very strong objections—because they were in a hurry; they had another job to go to—we put plastic where the article said it should be done. Whether it should or should not, I don't know. It just made sense to me.

Then, when I stuck my head up afterwards I saw they had covered right out to



the edge of the roof, instead of leaving the area for ventilation around the edges, and when I howled about that they said, "Well that is the way it is done." I said, "The article, which is supposed to know, says there should be certain areas left there so that the air can come up around the edges and go out through the ventilators," which I had installed in the roof. We had a fight about that, and had some adjustment in the cost finally.

This is the kind of thing you encounter—the two young fellows who were doing the job knew nothing about the job, I was convinced.

**Hon. J. A. Taylor:** This concerns us very much and, for this reason, included would be a proposal in connection with the Ministry of Consumer and Commercial Relations to ensure that installers weren't ripping off the public. If you are going to get a great deal of activity in this area then, of course, everybody is going to rush out and get insulation and then they are in the insulation business, and who is going to be crawling through the attics to find out whether the job is right or not?

We are very concerned about this, that is standards, and probably licensing and inspection so that the job is properly done. I think there is an element of consumer protection there that we are mindful of in our ministry. There are a lot of things that are related and should be put in place before you start saying, "Come on, line up and get your insulation. We are going to give you \$350."

**Mr. Young:** A lot of people, I am sure, have already been ripped off pretty seriously because of a lack of any real standards in the whole field; standards which these fellows must adhere to. My neighbour had his done and so I got the same outfit. I had about the same space to cover as he had. The tax had been removed from the time he had his done, but I paid more. In other words it made no difference. Of course, inflation was the reason. My job should have been cheaper per square foot because of the removal of the tax in the meantime, but the installer had just absorbed the tax and added a little bit more for inflation.

**Hon. J. A. Taylor:** We have been in touch with Consumer and Commercial Relations in connection with regulations that would concern this area. I think that is important to people.

**Mr. Young:** I think it must be done. This whole matter of standards is desperately important, otherwise what may happen to me is that in two or three years that is just

going to be a soggy mess. I hope it won't, but if I hadn't got the plastic down I suspect it would have been. My neighbour's certainly will be because he didn't know anything about that. The authorities which I have read on this said that unless this is done, in three or four years the moisture going up from the house through the openings for electric installations will destroy the insulation.

**Ms. Bryden:** Mr. Minister, can you see any reason why the province could not proceed with its loan or grant program until the federal government gets in, or until you have this interprovincial conference to discuss the federal-provincial program?

**Hon. J. A. Taylor:** Not really. You see, our initiative was before there was any announcement of the federal initiative. Also our initiatives in the other areas, in terms of sales tax removal, higher standards for insulation with our new building code, speed limits, for example, in conservation, these initiatives were there including this proposed loan program, and I don't see really why we couldn't proceed in that direction. What I would like to do is get something in place so that it would be effective for next winter.

**Ms. Bryden:** I would agree very much. I hope we will see something.

I have one other matter I wanted to deal with and that is the question of raising oil prices to the world price and what happens to the revenues that come from that. I think you, Mr. Minister, were mentioning that you thought some of the tax money should go into a pot that would be used for conservation or developing energy-saving devices and standards and so on. I noticed you did not suggest that any of the 25 per cent that appears to be going to the oil companies, as a result of the July 1 increase, should also go into any sort of pot for this kind of work—encouraging conservation and encouraging development of more efficient use of energy.

I imagine you are aware the Saskatchewan government suggested at the federal-provincial conference that there should be a special fund into which most of the money from price increases would go to be managed by the federal and provincial governments. This would include money that would have normally gone to the oil companies, particularly when you consider the fact that the oil companies' profits are at a pretty high level. In this Globe and Mail story of last Saturday they pointed out that there was one company, Pan-Canadian Petroleum, which had a 40 per cent return after taxes on its investment, and Hudson Bay Oil and Gas had a

25 per cent after-tax return. We all know that manufacturing has a return of around 10 per cent after taxes.

It hardly seems justified to give any increase to the oil companies, but I am not sure I have heard the minister protesting that part of the price increase or suggesting it should go into any sort of public fund. I just wonder what his views are on that.

**Hon. J. A. Taylor:** Very simply, I don't believe in any increase to anybody. Period. You mentioned Saskatchewan. Saskatchewan was pushing for an increase and I can understand why, with its natural resources.

My thinking simply is that there is no need for an increase because the increase is artificially contrived. It is not related to any increased costs in production. The stated policy of the federal government is to increase the domestic price until it approaches the world price. The world price is artificially set by an international cartel. I don't see why we should domestically emulate an international cartel which we condemn in order to create a domestic cartel. To me it just doesn't make any sense.

I am not saying that energy prices are not going up. Everything is going up. I am sure energy prices will go up on their own, with costs of production and so on—more-expensive drilling, or if you have to go into more remote areas, if you have to have more expensive transmission systems, your costs are going to go up. I have no axe to grind for the oil companies, you can rest assured about that. What I am saying is that if these extra dollars are going to be extracted from the consumer, then there should be accountability in terms of where those dollars are going. I don't care whether that is accountability on the part of the oil companies or accountability on the part of the government, I think there should be accountability in every area.

[8:30]

If the federal government argues that the oil companies need more money in order to provide new incentives to explore, then show me where the exploration is taking place, how much it is costing and how much new oil is being found. It is all right for the federal government to say it bought Petrocan or Petrocan has bought Atlantic Richfield. What difference does the ownership of a company make, whether it is private or public ownership? It is what that company is contributing in terms of new security of supply, putting more energy into the system or staking out reserves. There are my objectives.

As I stated, I am not arguing we have to spend all that money in Ontario or any other province. After all, we are all Canadians. If the prospects are in Saskatchewan or Alberta or British Columbia or Newfoundland or Nova Scotia or whatever it is, fine. But at least we are keeping our money within Canada in the development of our own country to ensure a security of supply for Canadians. There is a spinoff from that too. We are an industrial province and wherever that activity is we are going to get some of the business.

**Ms. Gigantes:** Cost.

**Hon. J. A. Taylor:** It is going to generate activity here.

**Ms. Gigantes:** We are going to get some of that cost of energy.

**Hon. J. A. Taylor:** I am sorry, I was talking in terms of—

**Ms. Gigantes:** Benefits.

**Hon. J. A. Taylor:** —economic benefits as a result.

**Ms. Gigantes:** We are going to get the cost, not the benefits.

**Mr. Havrot:** And the benefits.

**Ms. Gigantes:** What benefits?

**Mr. Havrot:** Turn off the lights here, madam, and you will find out what the benefits are.

**Mr. Chairman:** A few less interjection and we can maybe get this vote over.

**Hon. J. A. Taylor:** I hope I have made it clear what my position was and is in terms of these increases.

**Ms. Bryden:** You say you don't think there should be any increase. Why then is the Ontario government not prepared to put a freeze on oil prices and gas prices in this province, until such time as the oil companies' books are opened? I understand the federal government is going to bring in legislation to require that. Then we can see what would happen or what is being done with any profits they have and whether they are being used for Canadian exploration and development.

**Hon. J. A. Taylor:** There will be a 60-day freeze on the pass-through.

**Ms. Bryden:** But that is just for inventory

**Hon. J. A. Taylor:** But how deep a freeze do you put on and what do you accomplish? Do you get into a confrontation? Do you not only rattle sabres but try to drive somebody through? I guess it is a question of what posture you are going to take as a province, whether you are looking for con-



frontation on not looking for confrontation, or how pugilistic you want to be. We could threaten all kinds of things. Alberta ran into some of this. I believe there was a lawsuit under way in connection with the initial oil price increases some time ago. There are other jurisdictions, I'm sure, that would take a very strong position on that.

As I explained initially, we have a situation in Ontario which is not a happy one from the point of view of energy because in Ontario we don't own those resources. They are provincial resources except for the federal lands and frontier lands. We import from other provinces or foreign countries 80 per cent of our energy requirements in Ontario. We are not in an enviable position in terms of self-reliance or self-sufficiency.

**Ms. Bryden:** It may be that what we say will be considered just sabre-rattling without anything behind it if we don't try to see what would happen if we put on a freeze for a period until they opened their books, say.

**Hon. J. A. Taylor:** Again the opening of the books, I gather, is a suggestion by the federal government to ensure, if there is a pass-through of additional moneys to the oil companies, that there is an accounting of the spending of that money in terms of new initiatives, exploration and so on. That's fair enough.

**Mr. Young:** As long as they're not spending it in South America for drilling or Saudi Arabia or somewhere else, rather than in Canada. This is the problem.

**Ms. Gigantes:** It's 40 years too late to settle it by legislation.

**Mr. B. Newman:** Mr. Chairman, I wanted to ask a few questions of the minister. How far in the future is Hydro planning?

**Hon. J. A. Taylor:** I'll leave that to Mr. Gordon, but, may I say that some aspects of Hydro planning, surely, must be into the next century—when we talk about security of fuels, for example, or for generators and things like that, but maybe it depends in what degree. I suppose some of that, too, is a matter of debate before the Porter commission right now in terms of electric power planning.

**Mr. Gordon:** In the longer term it's taking us out to 1993 and beyond. The plans that Hydro has prepared are before the Porter commission. This is more conceptual planning of what the system might look like based on various forecasts of loads where they are arranged. In the more specific plans,

or a specific program, it's generally 10 or 12 years out ahead.

**Mr. B. Newman:** Are you planning a nuclear development at Erieau? Is that in your plans at all?

**Mr. Gordon:** It's not in our plans at the present time. We have a map of the province and we have indicated zones along the Great Lakes where there appear to be possible sites for future generation. I don't think it's on that map but there's another map which indicates that. It's certainly before the Porter commission. There are no specific sites that have been picked. We do have property available on some of our existing sites that will probably be used up first, and we're at the stage where we really should be putting some more sites in the bank so that we have more alternatives. But we have no plan for Erieau.

**Mr. B. Newman:** Have you reached the stage of purchasing or looking at properties in the Erieau area?

**Mr. Gordon:** No.

**Mr. B. Newman:** None at all? Then you have no intention of carrying the studies back in 1975 to fruition at all?

**Mr. Gordon:** I'm sorry, I'm not familiar with the 1975 studies.

**Mr. B. Newman:** The planning, from what I understand, was for a nuclear generation plant in the Erieau area in 1993.

**Mr. Gordon:** I think we indicated that there was no plan for a nuclear station in the Erieau area in that period either.

**Mr. B. Newman:** May I ask you, while we're still on this, what are your plans for the Clark Keith generating station in the Windsor area? Is it a complete reconversion?

**Mr. Gordon:** We're rehabilitating that.

**Mr. B. Newman:** What do you mean by rehabilitating it now?

**Mr. Gordon:** That was the first coal-fired generating station that we had on our system put into service back in the early 1950s. Since that time, a great deal of work and technical development has taken place—in connection with air pollution for one thing. We realized that we had a pollution problem with that plant and, as you know, we closed it down—mothballed it—and now we're rehabilitating it. We'll be putting in proper precipitators in it and we intend to burn coal in that plant.

**Mr. B. Newman:** When you say "rehabilitating" do you really mean just putting in precipitators?



**Mr. Gordon:** That will be the main thing.

**Mr. B. Newman:** In other words, the generating portion of the plant will remain as is? It will remain coal-fired?

**Mr. Gordon:** That's right.

**Mr. B. Newman:** Is it your intention to simply put up one stack as opposed to the four or so that are there?

**Mr. Gordon:** That's the method that we use now.

**Mr. B. Newman:** Are you aware that all you're going to be doing now, with the higher stack, is distributing your air pollutants to a greater distance rather than having them drop on the community itself?

**Mr. Gordon:** You can say this, but pollution, really, is the concentration in a certain area. What we're doing with that plant will have the approval of the Ministry of the Environment. We'll be meeting the standards that are set forth at that installation.

**Mr. B. Newman:** Following the standards set by the Ministry of the Environment I don't think is satisfactory, because we have a special problem in the area due to the exported pollutants from the American side. Even a minimal amount added to what we get from Detroit and, especially, from the Zug Island complex opposite which your which your Clark Keith generating station is located, just aggravates the situation.

I don't know if Hydro is aware of the Essex County Lung Association study that indicated that bronchial conditions or conditions of the respiratory tract are extremely serious among young children. In the London area, on the other hand, that doesn't seem to be a problem. All of this is as a result of the pollutants that are coming from the American side, plus anything that we may add on the Canadian side. So if you're going to add anything to what we get from over there, we're going to have generations of children that will grow up with lung and respiratory problems. In fact, the study showed that the average grade-one child lost three consecutive days of school in the Windsor area, whereas in London they didn't lose a single bit of schooling.

So you can see that you're adversely affecting the area. I'm not blaming it on you people now, because the plant is closed, but if you don't come along and remove practically all of the pollutants from your plant there, then you're just aggravating a situation that is bad enough as a result of exported pollutants from the US side. I don't think, myself, that the Minister of the Environment (Mr. Kerr) is firm enough in

his dealings with the other jurisdiction to have them speed up the control of emissions from their plants over there.

I hope that if you put up that single stack you have every bit of the latest type of precipitators, or whatever you may call them, so that there are absolutely no pollutants, or a minimum amount of pollutants falling in the environs. The winds there are prevailing westerlies so what you're really doing is punishing Essex county residents. Were you giving our American neighbours a bit of their own medicine then I wouldn't feel this bad. We get enough of theirs without getting some of our own.

**Hon. J. A. Taylor:** The winds don't favour us.

**Mr. B. Newman:** The winds don't, that's right. I was also going to ask the ministry's policy concerning electric homes. Remember how it wasn't too long ago that you sold the all-electric home? Quite a few constituents have followed what Hydro said and they built all-electric homes or bought all-electric homes. Now, as a result of energy price increases, they are complaining bitterly that you sold them a bill of goods. Are you planning on assisting them in some way to reconvert to conventional fuels rather than using electricity?

Windsor Utilities Commission is strongly opposed to any more extension of the all-electric home in the community whether anyone goes into it or not. I understand apartment construction favours the all-electric approach as opposed to hot water or steam. What is Hydro doing to discourage both the private home from being built as an all-electric home as well as apartments?

[8:45]

**Mr. Gordon:** We're certainly not encouraging it but we're not discouraging it. We're leaving it to the customer to decide. We talk about the increase in the all-electric home bill, but there's also the increase when you're looking at total energy consumption in any home. When you add in the increase in the oil and gas prices along with the electricity bill, it comes out pretty well as the same increase for all of them.

**Mr. B. Newman:** Would we not be better restricting apartment construction from building all-electric apartments?

**Mr. Gordon:** As I say, we're not encouraging it now, but we're not restricting it either.

**Hon. J. A. Taylor:** It's interesting when you compare all-electric heating with gas heaters and oil heaters. For the year-by-year increase in the different types of fuels, if

you take an average over the last five years, all-electric is up 14 per cent, gas 15 per cent and oil 15 per cent. On the average they fall in line.

**Mr. G. I. Miller:** Were electric and oil about the same?

**Hon. J. A. Taylor:** Electric and oil were about the same. There was one percentage point difference. That's in the last five years. If you go back 10 years, all-electric was nine per cent, gas 8.5 per cent and oil 10 per cent. It's pretty consistent when we compare the averages, if you are going on the average.

**Mr. B. Newman:** I understand some condominiums disallow any alternative heat except electricity, if I'm not mistaken—even the Ministry of Housing.

**Ms. Gigantes:** It doesn't sound right to me.

**Mr. Reed:** In my riding, one set of condominiums I discovered is all-electric and any alternate heat source is disallowed.

**Ms. Gigantes:** What does that mean?

**Mr. Reed:** It means you can't put in a gas furnace or a wood stove.

**Mr. G. I. Miller:** Who would be able to control that?

**Ms. Gigantes:** By bylaw or condominium corporation?

**Mr. Reed:** I do believe they're OHC.

**Mr. B. Newman:** Ontario Housing Corporation homes.

**Ms. Gigantes:** They're not condominiums then.

**Mr. Reed:** I don't know. I could take you to them and show them to you.

**Ms. Gigantes:** I don't think that's legitimate.

**Mr. B. Newman:** I understand in my community they prefer to build the high-rise using electrical heat, rather than alternate sources of heat.

**Hon. J. A. Taylor:** It may be in senior citizen housing, I don't know. OHC may have some regulation but I'm not aware of it.

**Mr. B. Newman:** May I ask you if your officials are closely in touch with the Billings Institute in Provo, Utah, and their experimentation with hydrogen, with magnesium hydrides?

**Hon. J. A. Taylor:** I could canvass and find out if there's anyone here who is familiar with that. I'm certainly not familiar with it.

**Ms. Gigantes:** What do they do?

**Mr. B. Newman:** The Billings Institute is experimenting with vehicles that burn

hydrogen. They find the hydrogen combines with magnesium and is in a solid form as a result of that. As it evaporates slowly, it goes into the motor and is used as the source of fuel. The pollutant is only water from the burning of the hydrogen. They have vehicles with this on a test basis in the state of California. They claim the use of magnesium hydrides is equivalent to gasoline at 78 cents a gallon.

**Hon. J. A. Taylor:** I've heard of that. As a matter of fact, as late as a week ago, mention was made of that to me by someone who is retired now but who was at one time with the Atomic Energy of Canada. But I'm not aware of any initiatives in my ministry in connection with that.

**Mr. B. Newman:** I would suggest they do get in touch with the institute because I think that if what they say is the truth—if their experimentation has progressed to the stage to which they claim it has progressed—you may have a source of energy that is extremely cheap. It follows the same idea that Mr. Bounsall raised earlier on the electrolysis of water—where you separate and use the hydrogen. Magnesium combines with hydrogen to produce magnesium hydride and it is used as an alternate source of energy.

**Hon. J. A. Taylor:** That's not a bad waste byproduct either, is it?

**Mr. B. Newman:** No. That's all I wanted to raise, Mr. Chairman.

**Mr. Chairman:** I wonder if I could have the committee's indulgence again. I've waited patiently for two days. I'd like to ask the president of Ontario Hydro a couple of questions. And I wonder, Mr. Reed, would you take my place as chairman?

**Hon. J. A. Taylor:** Is that on a permanent basis?

**Mr. Reed:** In spite of rumours to the contrary, we're not crossing the House.

**Mr. Johnson:** I would like to ask Mr. Gordon a few questions about the Bradley-Milton transmission line. This line runs entirely through my riding and many of my constituents are concerned with the fact that sometime in the near future there could be twinning of this 500-kv line. Is that possible? Is it in the plans?

**Mr. Gordon:** No, we have indicated to them that it is not in our plans to twin that line.

**Mr. Johnson:** I understand you've had a meeting with the Grey County Corridor Committee and you seem to have assured this committee that the compensation will be



more in line with what they have anticipated. Is this correct?

**Mr. Gordon:** Yes, I think this was on June 7. At the end of that meeting I think they were quite well satisfied with the information that we were able to provide on compensation. We went to them, after the meeting, a statement of principles to cover compensation on that line.

**Mr. Johnson:** A few constituents are quite satisfied with the compensation they have been offered by Hydro; yet their neighbours have given opposite results. One farmer was given a compensation figure of around \$18,000 for a few towers on his lot line; these would take in only a 125-foot band—and the land wasn't that valuable. He was quite satisfied.

But when it crossed into the neighbour's property it headed into the centre of the farm; it was near the buildings and the land is all tile drained, yet the figure was in the neighbourhood of \$25,000.

**Mr. Gordon:** I can't deal with specific cases, but I think that we found at that meeting several people raised cases such as this; it got back to some preliminary figures that were given, not final figures, and I suggested that they wait until we go out and complete the negotiations before they start to make comparisons.

**Mr. Johnson:** But they will make comparisons.

**Mr. Gordon:** I'm sure they will.

**Mr. Johnson:** Will there be any publication of the compensation figures?

**Mr. Gordon:** The final figures can be established, if they wish, before a compensation board.

**Mr. Johnson:** But they are not made public?

**Mr. Gordon:** We will be making an offer based on their method of calculating. But if the owner wishes, he can go right through and have this established by someone else.

**Mr. Johnson:** And are the compensation figures available for comparison?

**Mr. Gordon:** I presume they could find them out; I am not sure whether we make them available to the public.

**Mr. Johnson:** It isn't your policy to make them public.

**Mr. Gordon:** I would have to check that out.

**Mr. Johnson:** Have you any comments, Mr. Minister, on the policy of making compensation figures available to the public?

**Hon. J. A. Taylor:** Hopefully the settlements will be amicable, that they will be negotiated settlements and that both parties will feel satisfied. If that is so, the consideration of the cost would be reflected in the land transfer tax affidavit, in the deeds available at the registry office. If it is a case that goes to arbitration before the land compensation board, then that's a matter of public record. Hearings as to what the compensation would be are public. I don't know that there would be any secrecy.

**Mr. Eaton:** Is it the policy, Mr. Minister, to purchase all the land?

**Hon. J. A. Taylor:** Mr. Gordon can correct me if I am wrong, but I think the endeavour is always to try to negotiate a settlement with the landowner. That's give and take. You don't expropriate at a price, you have to make a formal offer.

**Mr. Eaton:** That isn't my question. Is it a policy to purchase all the land or is there some agreement to lease it? Or do they have a choice?

**Hon. J. A. Taylor:** Initially, all that is required is an easement—I think you will appreciate the implications of that—as opposed to a fee in the land or outright ownership of the land. There is some flexibility there.

**Mr. Eaton:** Are you giving them a choice in this case?

**Hon. J. A. Taylor:** That has been outlined in this policy.

**Mr. Johnson:** There are three choices, are there not?

**Hon. J. A. Taylor:** Easement, fee, and outright purchase.

**Mr. Johnson:** Easement or purchase of the right of way; or outright purchase of the whole. Is that correct?

**Hon. J. A. Taylor:** Yes.

**Mr. Johnson:** And they have three years to make up their mind if they want to sell.

Another concern was tile drainage land. If, sometime in the future, damage appeared, would Hydro look after this problem?

**Mr. Gordon:** I am sure we would fix it, yes.

**Mr. Lane:** Mr. Chairman, I am wondering if all possible water power has been developed. Power generated by water is safe and clean and reasonably cheap. I know at one time, on the island where I live, all the power was generated at the Little Falls in Kagawong. But now no power is being generated there. I am just wondering if we really have exhausted our resources in terms



of generating power the best way I know that it can be generated, or if we have other possibilities such as damming up an area and creating a power reserve or using some of the natural waterfalls.

[9:00]

**Hon. J. A. Taylor:** There again, Mr. Gordon can give you the particulars, but in direct reply there has been an inventory of small hydro sites made by Ontario Hydro and there is a potential remaining in connection with the small sites, I think one of the figures I saw was something like 1,500 megawatts. Of course, it depends on how far you are going to carry that and how small a site you are talking about. But even that amount is considerable. Again, this is something the Porter commission is reviewing in connection with electric power planning for Ontario. So, if you are concerned about these, there are some rivers that still have some potential and they are being given consideration.

**Mr. Eaton:** What is that potential, Mr. Minister, as a percentage of our current needs?

**Hon. J. A. Taylor:** When I looked at this some time ago, it seemed to me that of the addition needed within a 10-year span—that took somewhere between 1975 and 1985—it could amount to about 10 per cent. That is about what I could see.

**Mr. Lane:** What are the possibilities of creating waterfalls in some areas of the vast wastelands of this province where nothing is actually happening?

**Hon. J. A. Taylor:** Pardon?

**Mr. Lane:** By putting in a dam and flooding an area. We have many acres, especially in the north, that are not productive—they are not producing saleable wood, they aren't of any use as farmland or they wouldn't be good enough to reforest—but we could make a dam and flood the land. The safeness of this kind of power intrigues me as opposed to nuclear power. I am just wondering what investigation has been done in that field.

**Hon. J. A. Taylor:** I guess it is economics, too. It has been a very economical means of generating electrical power. Normally you would put a dam in—there is some potential in the Spanish River, which you mentioned; I think a lot of that is private water rights owned by International Nickel. I think they have a proposal in connection with harnessing some of that. So there is no question that that type of thing is being pursued.

**Mr. Lane:** I am concerned because in the north, apart from our individual homes—I

have a home that I built in 1960; it is a Gold Medallion home, one of the first in the area, and it is costing an arm and a leg to heat it. I was encouraged to build it back in 1960. But that's only a drop in the bucket compared with the situation faced by paper plants, such as the Eddy plant in Espanola or any other paper plant in the north—and they are mostly in the north—since they are great users of power.

I am just wondering if we are overlooking some possibility of supplying power to these areas by the use of water, which would take away our fears of nuclear-powered plants and provide a cheaper source of supply, because the cost at present is difficult to live with.

**Hon. J. A. Taylor:** I don't know what effect that will have on taking away people's fears. It's a matter, I suppose, of public information in regard to the relative safety of a dam, say, and a nuclear plant. I think you have to bear in mind that the percentage of the total electrical output which will be generated by hydraulic power is diminishing every year, so that by 1995 that percentage may be 10 per cent because the potential is limited, even utilizing smaller sites. But the demand is increasing—not through extravagant use of electricity by the present customers but by the addition of residential, commercial and industrial customers to the system. As your economy grows, you have some pretty big industrial consumers. We're limited in terms of hydraulic power, and that percentage is diminishing; it's getting smaller every year.

**Mr. Lane:** I guess I should ask the other question of Mr. Gordon. Why did we wait so long that we had such a big increase in hydro rates? For years it seemed to be pretty much a status quo situation and suddenly, bang, we were hit in the face with 25 and 30 per cent increases. It's a pretty difficult situation for a worker who's only getting an increase of six or eight per cent a year. The tourist operators up in my area are also hit hard, and the farmers are having difficulty with pricing because their hydro bills have gone up three times from what they were a couple of years ago. I guess hindsight is always easier than foresight, but is there any reason why we were able to keep the status quo for so many years and then suddenly we were knocked down?

**Mr. Gordon:** One of the reasons was that we were operating a more stable system; we had more hydraulic on the system as against thermal power. We've been gradually making a transition to thermal, which is a higher

cost power and is very much more susceptible to inflation these days. I don't know whether you were here, Mr. Lane, but I mentioned earlier that the price of the coal we buy went up in a three-year period from \$13 a ton to more than \$32 a ton. We're currently buying eight million tons a year, so that's an increase of more than \$150 million in our annual fuel cost for our thermal plants.

Why didn't we increase rates earlier, back in the 1960s, say? In the length of time I've been in the business, I've never found a time yet when people wanted to increase rates, believe me.

**Mr. Lane:** But two or three per cent is a lot more acceptable than 25 or 30 per cent.

**Mr. Gordon:** Did you ask the people back then if they wanted to increase it two or three per cent, though?

**Mr. Lane:** At one time it was the greatest thing in the world. It was the cheapest thing to buy—and maybe it still is—but the increase is just pretty hard to live with for a lot of people in the lower income bracket, and those are the kind of people I represent. They are great people but they haven't got a large wage-earning power; at least we are not living in an area where we have accessibility to earning a great wage and yet we are hit with this great increase in cost.

The other thing I would like to mention—maybe I'll ask it of Mr. Gordon; it may not be a fair question—is the feeling among some of my people that Hydro has a fairly rich package for employees and staff, that perhaps you are overstaffed and your production is not as good as it might be. Have you any comment on that? Are we getting 99 cents on our dollar or are we too liberal with it?

**Ms. Gigantes:** To coin a phrase.

**Mr. Reed:** Careful.

**Mr. Gordon:** I think we strive like any organization to be as efficient as we can, and we've put a great deal of effort into that. As far as the level of our wages is concerned, I guess we would admit that they are high. We've mentioned this at a number of hearings that we've appeared before. Back in 1972 we took a strike for four months on our system and eventually we went to arbitration on that one; out of that arbitration came a ruling that put our wages for the next few years right up at the head of the pack, and we've been trying to get around that one ever since.

In the last few years I think our union people have been reasonable in their settlements with Hydro. We undertook a program

with them, set up a committee that really works at it almost the year round. I think that's borne results. They've got a better appreciation of the problems of running the Hydro business and have reacted accordingly. As I said, as a result of the 1972 arbitration our wages did get right up at the top.

**Mr. Lane:** I guess there's only one other question I'm going to ask you Mr. Gordon and then I'll take off. I took all my nasty pills this morning so I'll be very nasty tonight.

**Hon. J. A. Taylor:** I thought you were saving them for me, John.

**Mr. Lane:** The only other question I'm going to ask Mr. Gordon is what is the status of the proposed power plant on the north shore of Lake Huron?

**Mr. Gordon:** At the present time we're waiting for the report from the impact studies on it and I'm not sure exactly when it's coming. I think it's the first of the year; it's either in the fall or the first of the year.

Then, of course, it will be subject to a hearing before the Environmental Assessment Board. It's also one of the priority projects on which need will have to be established by the Porter commission. As to the timing of that plant at the present time, we couldn't say. It's just one of the locations we're looking at.

**Mr. Lane:** You do expect that at some point in time there will be a plant there?

**Mr. Gordon:** I would expect at some point in time we'll have a plant on the north shore, yes.

**Mr. Lane:** But it could be five or six years away?

**Mr. Gordon:** It will be more than that away before it goes into service, that's for sure.

**Mr. Lane:** I realize that; it takes a while after you break ground.

**Mr. Gordon:** It may take that long before a decision is made.

**Mr. Lane:** Okay, thank you sir. I'll take a whack at the minister now, he's been getting off pretty easy. And I think maybe that he wants to tell me something.

**Hon. J. A. Taylor:** I hate to see you change that.

**Mr. Lane:** I think maybe you want to tell me—

**Ms. Gigantes:** Don't worry.

**Mr. Lane:** —that you're going to equalize the price of gas and heating oil in the province. Is that what you wanted to tell me? I came down especially to hear that.



**Hon. J. A. Taylor:** Oh, did you? I'm sorry I can't indicate the affirmative.

**Ms. Gigantes:** You're sorry you can't indicate the affirmative?

**Hon. J. A. Taylor:** I'm always sorry when I see people suffer high prices. You know that my heart is with the consumer.

**Ms. Gigantes:** You misunderstand the question.

**Hon. J. A. Taylor:** Are you talking about the equalization of gas prices? You mentioned home heating oil.

**Mr. Lane:** This is not a north-south problem, this is a little-big problem. The little areas of this province are getting ripped off by somebody, as opposed to the big areas, as to what they have to pay for the gasoline for their cars and their heating oil.

I can't live with this, because in small areas of this province most people work for a smaller wage than they do in the larger areas. They mostly have to travel farther to get goods and services, so they have to burn more gasoline. And, of course, in the case of the north, we're not only burning more gasoline to get from point A to point B, but we're burning more heating oil because it's not only colder but it's colder for a longer period of time. So even if we had an equalized price, the people who live in the north would still be penalized.

However, seeing I'm so proud to be a northerner, I'll not complain about that. If you just tell me we're going to equalize the price and everybody in this province is to pay the same, then I'll be satisfied that everybody is getting a fair deal. Up until that point I can't be satisfied we're treating all people alike in this province and I think we should.

**Hon. J. A. Taylor:** You don't have equal prices throughout the province in regard to most commodities. When you talk about an equalized price are you talking about an equalized price in terms of refinery price? There are a number of refineries; are they all to fix prices and eliminate competition in terms of the refinery price?

There's one element of it. The other is transportation costs. Are you suggesting there would be a single transportation cost for your gasoline and fuel oil, regardless of where it was delivered in Ontario?

[9:15]

**Mr. Lane:** I'm not suggesting there be a combined price, because I think that takes the competition out of trade and that isn't what I want to do. If one company can produce fuel for a certain price because it is more efficient than another company, then

so be it. That company should say: "Okay, there is our price. There is the average cost of delivery and that's what a gallon of fuel oil or gas is going to cost in this province."

**Hon. J. A. Taylor:** The third element appears after it has been sold by the refiner and transported, then it has to be retailed by the retailer. Then you have a dealer markup. Are you suggesting again that the dealer markup should be the same regardless of whether that dealer is in Red Lake, whether he may have a small gallonage in terms of turnover, or whether he's in Metropolitan Toronto or Timmins, for example?

In other words, you have to look at each of these elements and say, "Okay, regardless of the economics we are going to fix a single price and eliminate competition from the marketplace."

**Ms. Gigantes:** What did the charter say, Mr. Minister?

**Hon. J. A. Taylor:** The charter?

**Ms. Gigantes:** The charter, yes. What did it have to say about equalizing opportunities around the province and about the quality of life in one area as compared to another?

**Mr. Eaton:** Every price should be the same for every customer.

**Hon. J. A. Taylor:** I think the charter said all kinds of nice things.

**Ms. Gigantes:** It certainly didn't say that everything was going to cost more in the north.

**Hon. J. A. Taylor:** I don't think it is in this vote though.

**Mr. Chairman:** Let's get back and answer Mr. Lane's question.

**Mr. Reed:** I didn't believe the charter anyway.

**Hon. J. A. Taylor:** You didn't? You've got to have faith.

**Ms. Gigantes:** It's worth listening to, Julian, so you know where it's at.

**Hon. J. A. Taylor:** What I'm saying is that if you are going to maintain the marketplace system you've got to provide for competition. If you are going to fix a price, presumably that price is going to have to support the least efficient operator—unless you are going to eliminate one or more of the operators.

**Mr. Lane:** We shouldn't be subsidizing the inefficient person anyway. If he can't compete with the guy down the street because he is not efficient enough then let him get the hell out, because he shouldn't be in there anyway.



**Ms. Gigantes:** Let him pay the higher price, John.

**Mr. Lane:** My feeling is—and I am familiar with the north—the retailer says to the customer: "Sorry, buddy, I've got to charge you 17 cents a gallon more than you are paying in Toronto because I have to pay the high cost to get it here." Well that's a lot of bs, because we have great big tanks, two of them in my riding—

**Hon. J. A. Taylor:** It's BP, John, not bs.

**Mr. Lane:** —where they store millions of gallons of gasoline yet that is where the highest price is.

If everybody in the north knew that the retailer, regardless of what product he was handling, was paying the same price the retailer in the south was paying for that same product—I'm not saying it should be the same price, because I know efficiency enters into the picture and so on; but if the people knew the retailer was able to get the same commodity in Red Lake as he could in Toronto, the gouging retailer would soon be gone, because the guy would decide he was going to make a lot of money by selling a lot of gas and giving no service, or he's going to give good service and charge two or three cents a gallon more and I'd go down there and get the service and pay the difference. We've still got some competition there, but we are getting a decent price for our gas. Right now we are paying anywhere from 15 to 18 cents a gallon more in some places of this province than we are in other places; and I can't see any rhyme or reason to that.

**Hon. J. A. Taylor:** It may be that what you will do is raise the price to meet the highest price once you start fixing prices province-wide. There is always the danger of that.

**Mr. Lane:** Wait, let's get away from fixing prices. I don't think we should talk about fixing prices.

**Hon. J. A. Taylor:** Well then, what are you suggesting?

**Mr. Lane:** If I want to burn Texaco in my car and I find out that the Texaco dealer is not as efficient as the Shell dealer is and has to charge two cents a gallon more for gas up in the north, I'll buy it and pay two cents a gallon extra. Let each company do the best it can, but let each company deliver that same product to every retailer that company has in this province for the same price.

**Mr. Reed:** Tank wagon price.

**Hon. J. A. Taylor:** I don't know whether we have a sound and light production on this, but we have certainly some fairly recent figures on this.

**Ms. Gigantes:** The Isbister report indicated there was real discrimination against the north that had nothing to do with transportation costs.

**Hon. J. A. Taylor:** It indicated that the—

**Ms. Gigantes:** The discrimination existed there in terms of cents on the dollar; Isbister nailed it down and said the north is paying too much on top of transportation costs.

**Mr. Lane:** I don't expect you are going to give me the answer tonight, Mr. Minister, but I really wish you would work that over with your staff and see if something can't be done in that field.

**Hon. J. A. Taylor:** I appreciate your concern because as you go around the province, as you've mentioned, it's not just the northern communities, it's generally smaller communities where there isn't the competition or they don't have the buying power or the bargaining power in terms of—

**Ms. Gigantes:** The dealer doesn't have the bargaining power.

**Hon. J. A. Taylor:** That's what I'm talking about, John. There is a differential and some would argue that it's lower than it should be.

**Mr. Lane:** I'm not concerned about the institution that puts out a contract and gets the best price it can, or a large trucking firm that buys its fuel someplace else. Let them deal with that. I'm worried about what I pay to heat my home and what I pay when I pull up to the pump to get a tankful of gas. I hate to part with a \$20 bill. That's what it costs me right now to fill my tank.

I hope that you will, over the summer, take a look at whether or not we can get closer to an equalized price. I think we should be trying to equalize as much as we can. We equalized the beer we drink and it's just as good in the south as it is in the north. I don't see why we can't equalize our gasoline prices. They are cheaper down here than they are up north.

**Mr. Chairman:** Are you through, Mr. Lane?

**Mr. Lane:** I'll quit. The effect of the pills is wearing off now.

**Ms. Gigantes:** Mr. Chairman, I have to apologize to the minister and to my colleagues and to the official opposition and to your party, through the Chairman, because I wasn't here at the beginning of these estimates. I was caught up in other estimates

for which I have the critic's responsibility these days. I think the people who are here for the ministry know of my interest in energy policy in Ontario and will recognize that if I seem to be starting from the beginning it's because I just haven't had a chance to be here. For that I apologize.

I am a little bit concerned on two procedural points. One is that we seem to be discussing every item in the book under vote 1 and I wonder if the Chairman could clarify some procedure for us on these estimates. Is it our decision that there shall be no item by item or vote by vote discussion; we'll just throw everything in as it comes?

**Mr. Chairman:** We have the president of Hydro here and we've discussed a lot of the matters that pertain to Hydro, but it's been fairly freewheeling, so anything that you would like to bring up at the present time feel free to do so.

**Ms. Gigantes:** I always feel a little hesitant about just going on as time permits.

**Mr. Chairman:** Since the other two members, the critic from your party and the Liberal critic, both agreed with the minister to handle it this way, this was the committee's decision.

**Ms. Gigantes:** What was the decision?

**Mr. Chairman:** To take most items under vote 1901.

**Ms. Gigantes:** Okay. Could I ask another question? This is the first estimate I think I have ever attended—and I haven't been here very long—where we haven't had a detailed breakdown from the ministry on what's involved in the various votes. For example, take any one of the votes—1902, 1903, 1904, 1905; we certainly could use a very detailed breakdown in order to be able to avoid asking questions which we needn't ask if we had enough information to begin with. Why is it that we haven't got the ordinary amount of information of what is involved in each vote?

**Hon. J. A. Taylor:** Would you indicate what you wish?

**Ms. Gigantes:** I just went through an estimate with the Ministry of Education in which we had a very fine binder full of information on each of the programs involved in each of the major votes. I'm wondering why we don't have this information available to us here?

**Hon. J. A. Taylor:** You know we've managed quite well, amazingly enough, until this point. It may be that when you are dealing with the Ministry of Education you are deal-

ing with a budget much more significant in terms of programs and—

**Ms. Gigantes:** I consider this ministry to be quite as significant as the Ministry of Education.

**Hon. J. A. Taylor:** I'm talking in terms of money, significance in terms of the dollar value, not in terms of the importance of the ministry, because there's no question in my mind there's not a more important ministry in all of government than the Ministry of Energy.

**Ms. Gigantes:** Mr. Chairman, I do not wish to delay proceedings, but I'd like to note my concern as a member that we as members will waste time in this estimate proceeding as long as we don't have enough detail on what the itemized accounts are. I would like the Minister of Energy and his ministry to know that as a member I really do not like to waste the time of the House in this way. If it is in order, Mr. Chairman, I would prefer to finish with the ministry administration program vote and move on to policy, if we're discussing policy in general, which we seem to be.

**Mr. Chairman:** Would you like to pass 1901 then? Mr. Miller and Mr. Eaton would like to speak on it.

**Mr. G. I. Miller:** Thank you, Mr. Chairman. I was wondering about the Nanticoke generating station in particular. Is it operating now at capacity? What stage is it at at this particular time?

**Mr. Gordon:** I think there are still some of the units that are down for replacement of the rods in the boilers.

**Ms. Gigantes:** Three? Out of how many?

**Mr. Gordon:** I'm sorry. I should have looked it up before I came. I have a signal down there that there are two still down.

**Ms. Gigantes:** I read a press release today from Hydro that said three.

**Mr. Gordon:** I'll have to check on the exact number.

**Mr. G. I. Miller:** But do you have the new hanger bolts now?

**Mr. Gordon:** Yes, they're undertaking the permanent fix on the units now.

**Mr. G. I. Miller:** Will it be in full operation and back to normal by fall?

**Mr. Gordon:** I expect it will be back by the peak time, yes.

**Mr. G. I. Miller:** I was wondering, have you had many complaints about the—

**Hon. J. A. Taylor:** Here comes the Nanticoke staff now. They're all coming up here with figures.

**Mr. G. I. Miller:** Have you had many problems with the coke pile and with drifting dust? It was brought to my attention during the last campaign that there has been dust drifting from the west to the east.

**Mr. Gordon:** I don't think so, Mr. Miller. I haven't heard of it anyway. It hasn't been reported to me.

**Ms. Gigantes:** Does the wind blow from west to the east?

**Mr. G. I. Miller:** I think that's the prevailing wind.

**Ms. Gigantes:** That's why it drifts that way.

**Mr. G. I. Miller:** I may be bringing that to your attention as time goes along. You might not be too knowledgeable on it.

How much of the plant output is going to be utilized by Stelco? What portion of that will be utilized? What percentage is it designed for?

**Mr. Gordon:** Actually the plant isn't designed to supply Stelco. It's designed to supply the total feed into the grid. We don't work on the basis of industries that are located close to the plant. I'm not sure of the Stelco load now. I'd just be guessing if I gave it to you, but I expect it's over 200,000, something like that. I would think the load would be in that neighbourhood, but as I say I haven't the figures here so I'm just guessing.

**Mr. G. I. Miller:** Mr. Minister, are the gas drilling fields under your ministry?

**Hon. J. A. Taylor:** No, that's Natural Resources.

**Mr. G. I. Miller:** Do you have any input into it at all, or any figures on what's available?

**Hon. J. A. Taylor:** In Ontario? Natural gas? Just in a general way. Probably one per cent of our requirements in Ontario.

[9:30]

**Mr. G. I. Miller:** Has it picked up over the last year?

**Hon. J. A. Taylor:** Not of any significance.

**Mr. G. I. Miller:** Are you encouraging any drilling in Ontario?

**Hon. J. A. Taylor:** We certainly are interested. I gather Shell Oil is taking some initiatives in this area and we're hopeful of some drilling that it is involved in. I haven't heard that anything definite has come out of that. You have to remember that in Canada, I suppose the annual consumption of natural gas is something over a trillion cubic feet a year. We'd use about half of

that in Ontario, so that our demands are fairly high and our resources are very small in that regard, hardly any at all.

**Mr. G. I. Miller:** They are still continuing to pull the old lines up in certain areas, I believe, are they not; in the older fields, particularly in my riding? Are you aware of that?

**Hon. J. A. Taylor:** I think that may come under Consumer and Commercial Relations, if I'm not mistaken.

**Mr. G. I. Miller:** It has come under the direction of the Energy Board.

**Hon. J. A. Taylor:** I think you're involved in safety matters there, are you not? Isn't that the area?

**Mr. G. I. Miller:** I believe it's under the Energy Board. They give them permission to take the line.

**Hon. J. A. Taylor:** I was going to say the safety branch is certainly under Consumer and Commercial Relations. If you're talking about service to customers, it would be under the Ontario Energy Board, that's rates, of course, and franchises.

**Mr. G. I. Miller:** What about the pipelines that feed the grid? Is that under your ministry? The pipeline grid, like the trans-Canada pipeline and so on?

**Hon. J. A. Taylor:** No, the trans-Canada pipeline would be under the National Energy Board. The distribution systems and rates of the gas utility companies like Consumers' Gas, Union Gas, Norcen Gas, are under the Ontario Energy Board.

**Mr. G. I. Miller:** I think that pretty well covers it at this particular time, Mr. Chairman. Thank you.

**Mr. Eaton:** Under the general area, I guess it comes under the administration end of it, I wanted to talk about your programs in regard to solar energy. Just what are you proposing to do? What experimentation is being planned?

**Hon. J. A. Taylor:** Yes, surely; we have with us Dr. Higgin who could give you some detail. I think you're interested in some specifics in terms of the ministry's initiatives. May I say—you may or may not have been here—that we put together about a 40-page booklet on this type of thing in terms of public information. It's not printed yet. We just put the thing together. It'll be printed by the end of August, I think.

Dr. Higgin, could you indicate some of the specific initiatives in terms of solar?

**Dr. Higgin:** Most of this year's program is applying solar energy in government



owned and occupied space rather than, at this time, in the private sector. We have some reasons for doing this, which if you like we can get into, but getting into the specific projects, I guess the main project we're doing, which is kind of a frontier type of project, is we are now committed to the design and ultimately the construction of the first solar-heated school in Canada, Second Woods Public School in St. Catharines. This was announced about two months ago.

This 20,000 square foot school will be ready for tender, we expect, about October and should be ready for occupancy for the school year beginning September 1978. This is the first solar-heated school in Canada at this time.

In addition, if you managed to read the local papers last week, we announced a solar water heating retrofit to a school in Etobicoke—West Humber Collegiate. This one, because it's a relatively simple installation, will probably be the first solar heating application to a school in Canada. This will be for pre-heating their serviced water. Those are two projected which we have started.

**Hon. J. A. Taylor:** You might describe the Aylmer project for senior citizens.

**Dr. Higgin:** Yes, you have probably heard about Aylmer for quite a time, but I can inform you now that it's actually going up. The walls are being built and everything is going on—we hear "hurray" from over here.

As with any kind of demonstration project, you run into considerable problems in the design and the tender of them because it is something different. No doubt we are going to run into more problems in the construction and the debugging of the system and so on, but anyway we are hoping Aylmer will be operational in late September or October this year.

Those are a couple of large demonstration projects. We also have a contract with the Ministry of Housing for design of a solar-heated row-house development, which will be designed this year and committed to construction early next spring. This is a rather unique experiment in that we are trying to do six times three row-houses. One unit of six, or block of six, will be standard units; the middle block will be super-insulated, with very high insulation standards and we will be trying to optimize passive design in that unit; the last one will have the same insulation standards, the same passive design optimization, and we will be

installing an air heating system with rock storage.

We have submitted this under the National Research Council proposal for multi-family dwellings as well. We have got to the second stage of this now and will be in with a more detailed design proposal for July 20. I think it is fair to say that regardless of whether we get financial support from the federal government it will go ahead. So that's another one that's a relatively large project.

I am coming down, rather, in size now. In addition, the Ministry of Government Services is under contract with us to construct a small solar-heated office building. At this time it appears they are just about to complete negotiations for this to be a registry office—probably the one in Bracebridge. I was just told that today.

**Ms. Gigantes:** Can I ask what the square footage is on this?

**Dr. Higgin:** That one, as far as I am aware, is 21,000 square feet. Again this will be started as to design; I don't expect it to be constructed until next year. We are finding that it takes, really, two fiscal years to get a large demonstration project in place. You have to complete the design in one year and then construct it the next. It really takes a two-year cycle.

In addition, I think we in government have been rather hamstrung in demonstration projects through lack of having an in-house capability to do solar design work within, say, the Ministry of Government Services. So we are funding them now, to prepare a new thermal design program for large buildings which will incorporate solar heating capability into the design phases of the program.

Apart from those, we are going to conduct a couple of what we call low-cost demonstrations. One of these will be the retrofit of a water heater to one of Ontario Housing Corporation's units. If we can find a suitable piece of equipment—and that is a question—we also hope to retrofit a packaged solar-heating system, a space heating system, to one of Ontario Housing Corporation's units.

Those are the strictly solar projects we have this year. As I say, there also is one we are probably going to have out in about a week. We are going to look at the feasibility of solar heating for three municipally-owned swimming pools in the area. We will be getting proposals from consultants to undertake this feasibility study and we expect that to lead to their design and demonstration.

The totals for those solar projects for this fiscal year, recognizing that in many cases we are just in the design phase at this point in time, is \$470,000 for the total project this year.

**Mr. Reed:** Could I just ask a question, Mr. Chairman? I hope it is directly related to the subject. Are you assisting in the development of Canadian—Ontario if you like—designed and built collectors and so on; is there any seed money available through the Ministry of Energy to assist in that development?

**Dr. Higgin:** We are assisting in one respect in that we definitely specify Canadian collectors. This has caused us, I might add, considerable headaches in the tendering of the demonstration projects. We found the manufacturers, in most cases, were just not in a position to offer a commercial product.

**Mr. Reed:** Then obviously you are interested in meeting Canadian manufacturers who are producing perhaps a higher efficiency product and better quality material.

**Dr. Higgin:** No, we are interested in using the product of any Canadian manufacturer who has a commercial product that's ready. In fact on the Aylmer project, we had to pay them to go and get their equipment tested at the National Research Council so that we knew how it would perform.

**Mr. Reed:** Are you interested in some stuff that has already been tested, under test, and higher than standard commercial material that is available on the market?

**Dr. Higgin:** If it is home-produced Canadian, and not out of your backyard, yes I guess I am.

**Ms. Gigantes:** Not in his backyard, in his garage.

**Hon. J. A. Taylor:** Are you selling shares in that too?

**Mr. Reed:** I just may be, now that I know there is this great interest—

**Dr. Higgin:** To come back to your question; seriously, in terms of Canadian equipment manufacturers and assistance, this has been an area that is lacking and it's one that falls squarely within the responsibility of the Ministry of Industry and Tourism. One company has received assistance; largely as a result of our discussions with them this problem has been recognized. I am assured that programs will be more tailor-made to meet these needs and that assistance will be more readily available than it has been in the past.

**Mr. Eaton:** In regard to a project like the senior citizens' apartments in Aylmer, what

extra cost is involved? In other words, if you were tendering for the same number of units of a senior citizens' residence, what's the percentage increase in cost due to building in a solar energy system to heat it?

**Dr. Higgin:** We don't know the final cost on this because the solar collector tender hasn't come in. I should perhaps tell you, just to confirm the state of the art of Canadian manufacturers we did tender it once and we had it screened down to four manufacturers who had products. We had paid them to have their products tested; but on the bid one was 20 minutes late; one didn't bid, because he didn't really know how to, I think; and the two others failed to meet the specifications which required they submit shop drawings and so on. So we had to void the bid on the tender and we had to recall it. That's the reason the tender has not come in at this point in time. It will be relet in about a week and we expect it in about the end of July.

Until we have that price, we can't tell you the final costs. What we can say is that we are estimating the total cost will be an incremental figure of about \$250,000 on the building, which has a base price of around \$560,000 to \$580,000, that's what it would be for the conventional unit. The building has 29 units for senior citizens.

**Mr. Eaton:** So you are looking at a 50 per cent increase in the cost because of putting in the solar—

[9:45]

**Dr. Higgin:** That is pretty well it at this point in time. I might add that at some point very recently we did receive an offer from the National Research Council which had had to scotch one of their own projects in Ottawa because of costs and other considerations. They are interested in the type of system that was going in in Aylmer and they have made an offer which has been accepted by the Housing Corporation to add \$100,000 to the project, so the Ontario cost will come in at about \$150,000. As I say we won't know the final figure until we get the solar collector tender in.

**Mr. Eaton:** When you are building this unit are you building in the normal heating equipment for supplementary heat to the solar energy, or in case things don't work right?

**Dr. Higgin:** Almost. It does have a backup. The concept here is seasonal storage, which means that you design it to achieve 100 per cent solar heating in an average climatic year. If you get a winter like last



winter then it certainly wouldn't go through, even assuming everything worked well, so there is a backup system.

In Aylmer it will be two backup systems. There will be heaters in the tank which is intended to demonstrate we can anticipate running out of energy several weeks before it actually happens and can put energy in at night, and on timer and so on. This is really to demonstrate this could be done were there a rate applied for this type of use.

The second backup is a straight on-line gas boiler. It feeds the water circulation system, and then the terminal units. So two backup systems are involved: One, though, is really done for mainly demonstration purposes. The other one is the real backup, that is the gas boiler.

**Mr. Eaton:** Then you are using the same system and you are using that just to back up the actual water in the solar system.

**Dr. Higgin:** Yes, we use the same distribution system exactly as for the solar system. The two are directly compatible, and this controls what decision to make regarding when to bring in the backup and so on.

**Mr. Eaton:** There are a couple of experimental homes that have been worked on. Was that not supported by the ministry?

**Dr. Higgin:** The one we supported was Provident House in King township. That was the first demonstration of the seasonal storage concept. That has been operational since about July last year. It had a number of problems; not related, really, to the solar system, but perhaps to the added complexity of the controls and so on, and these have been worked on. It did mean that the house, whilst it provided a lot of solar heat over the winter, didn't get anywhere near to what it should have been on the design. Most of the problems have been rectified now and we think it should work very close to what was intended through the next heating season.

Similar problems occurred with the Mississauga solar house as well, control problems. Silly things like the collector pump sticking on at night and circulating the hot water through the panels and losing it all into the air, this type of silly thing.

So there are still technical problems that you have to overcome. But at least the short term technical problems are relatively straightforward. Who knows, at this time, what the long term reliability and so on of these systems is going to be? That is a big unknown factor.

**Mr. Eaton:** In the case of the houses, the cost, I guess, was 100 per cent more than

what the normal cost of building that house would have been?

**Dr. Higgin:** No, that wasn't the case. In the Provident House experiment it was a very large house, 2,800 square feet of heated area, which is probably twice what an average housing unit is built at. On the cost of that system, recognizing it is a prototype system, we gave a grant, through the Ministry of Housing, of \$45,000. That included all the extreme insulation measures that went into that house as well. In all our projects energy conservation is a very key part; in fact the insulation measures that were taken in Provident House reduced the heat load, or if you like the amount of fuel it would use, by about half—40 per cent actually—of the conventional house that would have been built by Ontario standards.

**Ms. Gigantes:** What is the pay-back period on it?

**Dr. Higgin:** By our estimates on Provident House, if it works according to the design, it will be about 28 years.

**Ms. Gigantes:** On Aylmer?

**Dr. Higgin:** On Aylmer, again if it works according to the design calculations, it is close to 20 years—19 and something years.

**Mr. Eaton:** These have been fairly elaborate experiments. How much of a look did you take at some of the practical experiments individuals have been carrying out on their own before you went into some of these elaborate setups?

**Dr. Higgin:** We have kept pretty good tabs on private sector projects and we know most of the people in the business. We know Ric Symmes quite well and Carl Pepper. We know Greg Allen, who is a solar designer. We talk to them quite a lot.

I think the point about most of their designs—take Carl Pepper, he built his own system from scrap materials and his cost was about \$1,500. Unfortunately, there are not 100,000 Carl Peppers in Ontario or else solar heating would be a lot further ahead than it is right now.

It is possible for the do-it-yourselfer to build systems, but it is our contention that the only way solar heating is going to become significant is if the technology is commercialized; it has got to be commercialized. I agree with you the do-it-yourselfer should be encouraged, but they aren't going to solve, or even make a significant contribution toward the energy problem. If you can provide the average do-it-yourselfer with kits and package-type systems—commercial systems but packaged and easy to put to-



gether—that is probably a good direction to go.

**Mr. Eaton:** You are obviously aware of Carl Pepper and I know him very well. Have you seen the book he put together on his own?

**Dr. Higgin:** Oh, yes.

**Mr. Eaton:** Has the ministry thought of producing anything like that for the do-it-yourselfer?

**Dr. Higgin:** We have a booklet now, which the minister referred to previously, which covers solar heating. We think it is a good book. It starts from a very low level, just introducing the whole concept of solar heat. It ends up, in the appendices, with calculations on life-cycle costing and sizing systems for those who are really keen on it.

Carl Pepper's data is in this booklet. We have drawings of Carl Pepper's system. We have a picture of his house, along with the data and technical specs; as we do on about another eight private sector projects, as well as our own. We are hoping this booklet will be out in about six weeks. It should be very useful, I hope.

**Mr. Eaton:** I find Carl Pepper's projects interesting; I took the former minister there and he was presented with a book.

**Dr. Higgin:** Yes, he was very impressed by it, I know.

**Hon. J. A. Taylor:** He was changed shortly after, I gather.

**Mr. Eaton:** This is something I can perhaps direct to the minister now that we have reached this point. I will have to take him down there some day too.

**Hon. J. A. Taylor:** You know what happened to the previous minister.

**Mr. Eaton:** In this type of program the do-it-yourselfer can get into—and some are doing a very good job, as we have seen, in experimenting themselves and carrying on programs—what about some incentives for them? What about some assistance maybe through removing the sales tax on any parts or material that they might use in a program like that? What about some incentives of that type?

**Hon. J. A. Taylor:** That has been an initiative now, in terms of sales tax on components for solar systems.

**Mr. Eaton:** Not basically on materials that would be going in there; there are some materials that are off the sales tax list, but when we start going into the type of do-it-yourself thing—

**Hon. J. A. Taylor:** Do you mean car radiators and things of that nature?

**Mr. Eaton:** We are talking about building materials. In the case of this one, the backing of it is made with barn metal siding. Then there is the glass that goes into the collector and things like that. I know about the technical type of stuff we took off before, but I am trying to look at the practical end of it.

**Hon. J. A. Taylor:** Insofar as the range is concerned, probably Dr. Higgin could indicate the application of that.

**Dr. Higgin:** The big problem, in doing that, is you cannot ensure that the glass and so on is going to be used for solar heating equipment.

**Mr. Eaton:** There's a simple way of doing that. We pay grants in our ministry on programs and when they're finished you go out and see the finished project. You know then that the product is in there and you can refund the taxes that were paid on it, or some incentive like that.

**Dr. Higgin:** We've talked to the Ministry of Revenue about that. They are of the opinion—and I think it's correct—that they will require a considerable bureaucracy to operate such a system should these things take hold. It really is a very difficult thing to say that this glass was bought for that purpose and copper pipe was bought for that purpose and so on. It's a very difficult thing to do.

**Mr. Eaton:** You don't have to say the purpose it's bought for in the beginning until you've completed the project.

**Dr. Higgin:** It means going around and inspecting every system and sizing up how much pipe they've got in it, how much glass, how much insulation and so on. It's quite a job to administer that kind of program, as I'm sure you're aware. It's not an easy thing.

**Mr. Eaton:** But it may be incentive to have the program completed. You don't have to go on each individual item but have some incentive for a completed project. It would be a percentage of it or something along that line. You don't necessarily have to examine each item that's in there to give some incentive toward a project. I would think when you look at the costs going into some of these other ones, with \$45,000 being spent on one experimental house, that would put a lot of incentive into a lot of the individual ones that are being experimented with.

**Hon. J. A. Taylor:** Are you talking in terms of sales tax elimination?

**Mr. Eaton:** Something like that. Maybe it's not direct sales tax. Maybe somebody can do a project for \$2,000 and show you the bills for all the equipment. You don't have to assess whether it was this piece of copper pipe or that piece, or that glass. They spend \$2,000, and as an incentive they get 10 per cent of it back or something like that.

**Hon. J. A. Taylor:** You have the same problems in connection with purchases by farmers don't you?

**Mr. Eaton:** They just sign an in-use certificate. They trust us all.

**Hon. J. A. Taylor:** That's not absolutely correct either, on building materials and other items they may be using for their barn.

**Mr. Eaton:** No, you don't get it off for some things.

**Hon. J. A. Taylor:** I guess what you're doing is pointing out there are the same anomalies in terms of materials for solar systems. Maybe we should be giving more consideration to incentives in terms of elimination of assessment or municipal taxation on systems so that the people who are moving in that direction would be encouraged and not penalized because they've improved their property.

**Ms. Gigantes:** Did you talk to the Treasurer (Mr. McKeough) about that? He just rejected that today in the House.

**Hon. J. A. Taylor:** That goes to show you there are all kinds of areas where there are differences of opinion in our party. I'm not saying that the Treasurer always agrees with me.

**Ms. Gigantes:** I thought government policy was consistent.

**Mr. Charlton:** May I just interject, as an ex-property assessor, if a do-it-yourselfer were to put in his own heating system or whatever it might happen to be, the chances are he wouldn't take out a building permit because most people don't bother with it when they're doing things in their own home.

**Hon. J. A. Taylor:** He'd escape it anyway.

**Mr. Charlton:** He'd escape it anyway.

**Hon. J. A. Taylor:** It's a little more apparent if you have a solar panel on your roof than if you have something hidden in the basement.

**Mr. Reed:** I beg to assure you the assessment people in my riding have already told perspective builders who want to put solar equipment on new housing that if they do it they will be assessed for it.

**Mr. Eaton:** Some assessors do their job better than others perhaps. I don't think

most of it would bring a large extra assessment. If you're talking about a solar panel being put on the roof, it probably isn't adding too much extra cost, especially if you're doing it when you're building the house. If you're doing it the way some of the do-it-yourselfers are it's at very little extra cost, because most of the materials, the backing, the roof and everything are there. Your insulation is going to be there now, so it's a matter of an extra layer of metal and some glass on the roof. It's not going to change the value that much insofar as assessment is concerned.

**Hon. J. A. Taylor:** I don't want to be argumentative in these areas, but if you want to build a house and do it yourself, 75 per cent of that may be labour costs. But when that house is assessed; it's assessed at market, and your labour costs are a very significant ingredient in terms of that value.

[10:00]

**Mr. Eaton:** That's right.

**Hon. J. A. Taylor:** So whether or not you buy your components and put them in yourself, it's the finished product that's looked at as an improvement to your home with whatever added value that may be.

**Mr. Reed:** That's not what they told me about the generator.

**Hon. J. A. Taylor:** I beg your pardon?

**Mr. Reed:** That's not what they told me about the generator. I was trying to capitalize my generator at full value and they said: "No, you'll just have to add in the actual costs."

**Hon. J. A. Taylor:** Is that right?

**Mr. Reed:** I couldn't count my labour.

**Hon. J. A. Taylor:** Oh, that's for a different taxation purpose though. You're not talking municipal assessment taxation now, you're talking corporate tax.

**Mr. Eaton:** Mr. Minister, what I'm trying to emphasize here is that a lot of our work in solar energy is new. It's still very experimental. We're putting tremendous amounts on top of the costs of buildings for very elaborate equipment we're experimenting with when there are a lot of do-it-yourselfers active. There are going to be some real breakthroughs by those people if they're encouraged—there will probably be more breakthroughs coming from them than from those who can go out and get the extra \$250 to put it into their system and can go out and buy everything that's already tested and on the market. You will get the

breakthroughs from somebody who's willing to try and experiment a little bit.

I think you should take a very serious look at giving some support, some incentive, to that type of people right now, because it's a new field where the little things that can be found by the person who is experimenting can make a great deal of difference in the future impact that solar energy could have in our province.

Hon. J. A. Taylor: There's no question about the resourcefulness and ingenuity of the individual. That is so important, I think, to breakthroughs.

Mr. Eaton: I think that's to be encouraged right now.

Hon. J. A. Taylor: I think it should be, absolutely. Of course, that's a part of our philosophy, isn't it?

Mr. Eaton: On the same line, while you've got the gentlemen from Hydro with you, we have announced some projects in the use of the heated water coming off the solar energy plants for greenhouse purposes. What's the experimental stage of that? When do you expect to get something off the ground there?

Hon. J. A. Taylor: That's the Kincardine project, is it?

Mr. Eaton: The Kincardine project.

Mr. Gordon: A study is being undertaken by consultants hired by the Ministry of Energy. We will be doing other work in connection with how we get the waste heat out of that plant.

Mr. Eaton: And deliver it.

Mr. Gordon: It has been discussed in the past when they were talking about the condenser cooling water, which has a very low temperature. What we intend to use in this instance is the cooling water on the moderator cooler, which is at a higher value and would be more effective.

Mr. Eaton: There are some greenhouses like this in operation, in Europe and in other countries, that are being heated from this type of a plant.

Hon. J. A. Taylor: I think the one the people went over to see in Minneapolis was a fossil-fired plant with cooling towers. I'm not sure of others using thermonuclear—

Mr. Eaton: I see. There are none you're aware of at nuclear plants?

Hon. J. A. Taylor: Not that I know of.

Ms. Gigantes: You mean for greenhouses?

Hon. J. A. Taylor: Yes.

Ms. Gigantes: And heating houses, in Scandinavia.

Hon. J. A. Taylor: Yes; in Sweden, I believe, they use them in greenhouses.

Mr. Eaton: When would you expect that project would be at the stage of some development? When would you be moving ahead with that?

Ms. Gigantes: When will you get the first tomato?

Hon. J. A. Taylor: That's a very difficult thing to say. If you were talking about peppers or something like that, or zucchini or something we import more of—but seriously, the Ministry of Agriculture and Food is paying for the consultants; and then there's the economic and feasibility study that they will be undertaking, I expect, in July.

Mr. Eaton: We understand you're paying for the building when we get to that stage though?

Ms. Gigantes: We won't have many tomatoes by July.

Hon. J. A. Taylor: You won't have any tomatoes this year, I'm afraid; not the kind that grow on vines anyway.

So those studies have to go forward first. We're co-ordinating the project through Peter Lamb in my ministry. We are working closely with the ministries of Agriculture and Food and Natural Resources, and also Ontario Hydro, on adjustments that will have to be made in the plant to accommodate—

Mr. Eaton: That part of it has started then, has it?

Hon. J. A. Taylor: I think the feasibility and economic studies have started.

Mr. Eaton: You have started to do your study on how you'll provide that heat?

Hon. J. A. Taylor: That is the first stage.

Mr. G. I. Miller: How much money has been budgeted for that?

Hon. J. A. Taylor: Up to \$100,000.

Mr. G. I. Miller: Is that just for Kincardine?

Hon. J. A. Taylor: Yes.

Mr. Chairman: Is vote 1901 carried? Carried.

Vote 1901 agreed to.

On vote 1902, energy policy program:

Mr. Chairman: You can sleep easy tonight, Mr. Minister, they didn't reduce your salary.

Hon. J. A. Taylor: Oh is that right? Well maybe they would like to review that.



Does that mean, Mr. Gordon can leave? All the questions on Hydro were, I gather, under administration.

**Mr. Chairman:** Are there any members of the committee who want to ask Mr. Gordon any questions before he leaves?

**Mr. G. I. Miller:** Is there any possibility of recycling the heat or energy from the Nanticoke station too? Was any money set aside for that in last year's budget?

**Hon. J. A. Taylor:** No, there wasn't.

**Mr. Chairman:** Thank you then, Mr. Gordon.

On vote 1902; Ms. Gigantes.

**Ms. Gigantes:** I understand the minister did not make any general statement of policy for the ministry, and I would like to take him through the elements—

**Hon. J. A. Taylor:** If you mean in terms of opening remarks, yes I did.

**Ms. Gigantes:** I have information from my colleagues that you responded to statements.

**Hon. J. A. Taylor:** I made an opening statement. I didn't read a statement, but I certainly made a statement.

**Ms. Gigantes:** I would like to get some general idea of how the Minister of Energy in Ontario views the elements of demand and supply and our costing policies, based on the kinds of energy we use in Ontario. I would like to begin by asking what our precise policy is vis-à-vis the federal government and its intent to raise oil prices in Canada to the international level, and what position we are taking in our negotiations with the federal government on that subject.

**Hon. J. A. Taylor:** When we talk about oil, the price of natural gas is tied in automatically with the price of oil so that on an equivalent basis the gas is related about 85 per cent vis-à-vis oil. When I talk about oil and natural gas we are basically talking the same policy.

**Ms. Gigantes:** Excuse me, Mr. Minister, I would prefer it if you talked about oil separately; then later we could go through Ontario's position in relation to the price of gas or oil, we could discuss that separately because I think they are different questions.

**Hon. J. A. Taylor:** In terms of supply, there is no question. In terms of transportation, in terms of what the prospects are and what our initiatives are, they are different. They are treated differently; there is no question about that. I was referring only to the link in terms of pricing.

If you look at Ontario's posture on this over the years, I don't think I have changed it significantly this year, with the possible exception that I have indicated very firmly I did not think our economy could accommodate another increase in the price of oil, or the price of gas this year.

The reasons were revealed and have been stated many times. They are essentially that the basic need for an increase, in our estimation, is not apparent. In other words, the price of oil, and I will also include in this the price of natural gas, is not related to the cost of production of those commodities. The prices are artificially contrived.

The policy we suffer from, if I may put it that way, is a stated policy of the federal government that domestic prices should approach world price. The problem I perceive, from the oil-producing provinces and the federal government's point of view, is just how fast can they achieve world price so as to apply that to domestic price. The provincial role has not been one of being able to prevent any increase in price, but it certainly has been one that has retarded the rate of escalation of that price. This year, because of current economic conditions of inflation, high unemployment, competition of our industry with foreign production, especially our American neighbours, we felt very strongly there should be no increase whatsoever to anybody in terms of the price of oil or natural gas.

**Ms. Gigantes:** Could I ask a question here: You say the problem is how fast the federal government manages to reach its goal of raising domestic prices to the international level, and you say also the price of oil from which we suffer—and I agree with you, I think that is the applicable word—is not related to cost of production. Are you satisfied, then, to see us even maintain the existing price for oil until there is some indication that is justifiable in terms of domestic production costs, or indeed even international production costs?

**Hon. J. A. Taylor:** No. What I am saying is there is no question about the stated goal of the federal government and the oil-producing provinces; it is how fast can they achieve the world price.

**Ms. Gigantes:** But you seem to be indicating that the problem from Ontario's point of view—right now, this year—has to do with trying to prevent or decrease the rate at which the federal government reaches that goal. I am wondering if the problem is not more basic than that?

**Hon. J. A. Taylor:** Oh no; you must have misunderstood me. What I am saying is that the rate is not our objective, but it is the objective of the producing provinces and the federal government.

**Ms. Gigantes:** What is our goal as a province in terms of establishing a reasonable price for oil within Canada, and therefore in our own market area?

[10:15]

**Hon. J. A. Taylor:** We believe the costs of oil and gas should be related to the cost of production. A year ago, as you know, in regard to the negotiations, Ontario put forward what was called a blending policy; in other words if you are looking at high-cost gas and oil in the frontier lands, you have to look at the cost of bringing that on market. If you look at the cost of developing the tar sands, what would the cost per barrel of that be? The same question must be considered if you look at the cost of plants to upgrade heavy oils. When you get into syncrude oils and the high cost of gas in the frontier lands, you see the actual costs of production probably would exceed world prices at that time.

What we saw was the concept of blending so that if it costs more, as it will, to produce oil from tar sands or heavy oils, or to bring gas from the frontier lands, then that's an actual cost or at least a cost related to what it costs to produce. If the conventional fields enable you to produce oil for \$3 or \$4 a barrel, then that's the cost. But you can then blend the costs of those commodities, plus the cost of whatever oil you might import at world price, and come up with a blended or single price for Canada in terms of crude oil.

**Ms. Gigantes:** Could I go back a step further in that argument, with which I agree. Let's say we are interested in trying to establish the cost of production and that we have to make some allowance, as I think is reasonable, for the costs of future production and assuring some continuity of supply of oil. Consider, too, that the federal government apparently is now being forced to bring in legislation to get the oil companies even to open their books to know what kind of exploration is going on, let alone costs.

My question is, how do we as a province have any feeling of assurance we know what the costs of production are? The federal legislation as it is now proposed is really fairly limited legislation. It would force the oil companies to say, "We are investing this much in exploration." It would force them,

to my knowledge—and you can correct me—to say, "These are our production costs," either domestically or in other places.

If it is our goal, as you state, to insist that there be an approximation of costs of production and, I think it would be reasonable to assume, some recognition that we have to pay to assure a supply in the future, how do we as a province know what those figures are at the moment? How do we as a province know? We are the biggest consumers.

**Hon. J. A. Taylor:** From federal figures we know what the pass-through to the oil companies would be as opposed to what would be taken in terms of royalties and provincial and federal taxes. So from one point of view, if you are talking about where the increase in money goes, we have a pretty good idea of that. In terms of, say, the 22 per cent, in general terms—and we are talking averages, really, because there is a scale depending on the exploration work the company would do I think what the federal government is interested in doing is making sure that any pass-through of moneys to the oil companies is being used in further exploration and development of supply.

**Ms. Gigantes:** I understand that. But that doesn't establish what the cost of production is.

**Hon. J. A. Taylor:** What the initial cost of production is? I don't see why there wouldn't be a fair view of that. There are people who were with the industry at one time, with whom we work and who may work for us. They have a pretty good idea of what goes on in oil companies and what their costs are. It may be that we don't walk into an oil company and say, "Open your books. We want to break down all of your figures." Certainly we don't have that authority. But if you look at public corporations—

**Ms. Gigantes:** You mean as a province?

**Hon. J. A. Taylor:** As a province, yes.

**Ms. Gigantes:** I agree with that.

**Hon. J. A. Taylor:** But if you look at the corporations—and they're public companies they have to file their financial statements They report; you can see what their return is on investment and you can get a pretty fair idea of what they're making.

But remember, I think we should start showing some example, I mean as government. This is what I indicated at these conferences. If the federal government has a responsibility in this area—and it has, because there's a Petroleum Administration Act



which leaves it to the federal government and the producing provinces to arrive at a fair price and the federal government is encumbered with the responsibility of looking after the consumer, and that's in the legislation—then I look at the federal government as a trustee of the interests of the people of Ontario as well as the citizens of the rest of Canada, even though we're represented at that bargaining table.

Now the oil-producing provinces may not look at that that way. They'll say to me, "Well what are you doing here? We have the oil and the federal government and us are going to decide the price. The federal government will look after your interests." I mean that—

**Ms. Gigantes:** Really we're talking about one province.

**Hon. J. A. Taylor:** Well, we're talking about Saskatchewan, if we're talking about—

**Ms. Gigantes:** Saskatchewan has proposed a very different kind of policy.

**Hon. J. A. Taylor:** —and if you're talking about gas, well they support the world price.

**Ms. Gigantes:** Yes, but they have proposed to do very different kinds of things with what you and I might call excess profits.

**Hon. J. A. Taylor:** Again, remember there's a fair federal take in terms of taxation and—

**Ms. Gigantes:** And there's been a fair federal payout too, in terms of equalizing prices. They've had a lot.

**Hon. J. A. Taylor:** Well, you may think that that money is being recycled to the consumer, but I'm not so convinced. And again, British Columbia of course is in agreement with world price. New Brunswick is in agreement with world price.

**Ms. Gigantes:** But these are not producing provinces.

**Hon. J. A. Taylor:** British Columbia produces natural gas, and because gas is tied on to—

**Ms. Gigantes:** Yes, that's different.

**Hon. J. A. Taylor:** —the price of oil, they're interested in seeing the price of oil escalate so that the price of gas will go up.

**Ms. Gigantes:** Well, that's a different policy question from the point of view of the province of Ontario.

**Hon. J. A. Taylor:** What I'm saying is this: we have to look at ourselves, we have to look at government and say look, government, you should be accountable. If you're bringing in tax dollars from windfall profits, so to speak, if you're contriving an artificially high price, then let's look at how much

money you're bringing in and what you're doing with that money.

**Ms. Gigantes:** Can I take you through that, Mr. Minister, if you don't mind? Just for a few minutes. Since I arrived in this House, it's been the position of you and your predecessor that the federal government take, as it's called, is somehow illegitimate. I wonder if you have figures from the past year about how much take the federal government had on oil and how much it paid out in equalization payments on oil.

**Hon. J. A. Taylor:** Yes, we'll have figures on that and also figures on what that drains from the Ontario consumer.

**Ms. Gigantes:** Ah, but that's a different question. That's why I asked the policy question about what procedures Ontario—

**Hon. J. A. Taylor:** It's not a different question really, because the money has to come from somewhere and you can work from either end. But we could certainly give you—

**Ms. Gigantes:** I'm not challenging your statement that Ontario consumers pay too much—far from it. What I'm trying to find out from you is what procedures the Ontario government recommends to the federal government—what exact steps, what exact programs, what exact policies it puts forward to the federal government when it makes the argument that there should not be in Canada a domestic price for oil which relates to an international price for oil, which as you say is based on something other than cost of production?

**Hon. J. A. Taylor:** The argument is that we have to, first of all, try to achieve a goal of security of supply and be as self-reliant a country as is possible. I think that's a worthwhile target or goal.

**Ms. Gigantes:** Does the federal government disagree with that?

**Hon. J. A. Taylor:** I would hope not, although the federal government at the same time—and I'm not here to attack the federal government; I hope you're not an apologist for the federal government—but I want to say this—

**Ms. Gigantes:** What I want to do is try to separate out how our policy in Ontario—how your stated goal, with which I agree—is different from the federal government's policy. What exact points do we make and exactly how do we make the argument to the federal government and exactly how do we try to back that argument up?

**Hon. J. A. Taylor:** It's simply this: that our stated goal is to ensure self-reliance



as much as possible in our energy requirements in this country.

**Ms. Gigantes:** That's not different from the federal government.

**Hon. J. A. Taylor:** Hopefully that is not different from the federal government. I think where we differ is in the initiatives that must be made in order to achieve that goal. I think if you are going to achieve that goal you have to be able to demonstrate on the grounds of what you're doing, especially when you have the wherewithal, in additional dollars through higher prices, to accomplish some of these things.

In Ontario what we think is that first of all there should be an accounting and an accountability to the people of this country as to what those total dollars are. I don't care whether it's the oil companies or whether it's the federal government or the provincial government or what have you. But I think we have to know how many dollars are being taken, in order that we can demonstrate what initiatives can proceed from there to further develop our conventional forms of energy and also the renewable forms of energy.

**Ms. Gigantes:** Presumably then what you're saying means that we would support the federal government initiative now in terms of legislation to have the oil companies tell us how much money they're putting into exploration. Beyond that what else do we want in the federal government policy on oil? When you talk about where the money goes, and how we want to have accountability for that, what else is Ontario proposing?

**Hon. J. A. Taylor:** We're proposing, as the federal government has proposed, stronger initiatives in exploration and mapping out what our reserves are. In my opinion I don't think we've been aggressive enough in those regards.

When we talk about the federal government, remember that the frontier lands are

federal lands. Surely the federal government holds those in trust for all Canadians—and that includes Alberta and British Columbia and Newfoundland and all of the provinces, including Ontario. If you look at the initiatives there are probably about 300 holes punched in the Arctic, in regard to exploration, as compared with 75,000 just in Alberta.

So what I'm saying is that surely there must be some program, some plan of attack, some strategy, that's made apparent in terms of looking. What do we do? Do we start a more aggressive exploration program for gas and oil in the Arctic, and incentives to do that in the private sector? There is Petrocan now as well—

**Ms. Gigantes:** This doesn't relate directly to the question I'm asking. I understand—

**Hon. J. A. Taylor:** You are talking about initiatives and how to arrive at security. I want to get into the tar sands, I want to get into heavy oils, I want to get into secondary and tertiary recovery in terms of conventional wells—

**Ms. Gigantes:** Forgive me, Mr. Minister, but when we talk about initiatives here, I think that we're talking about different things. What I'm trying to find out is what policy initiatives is Ontario taking with the federal government. What policy initiatives is the government of Ontario taking with the federal government, beyond being supportive of the new federal proposal that oil companies disclose what levels of exploration they are pursuing?

Obviously we are in support of that. We have been for a long time. But when you talked earlier about accountability and knowing where the money was going, you didn't just mean exploration surely.

**Hon. J. A. Taylor:** I am talking about the total energy dollar.

The committee adjourned at 10:30 p.m.

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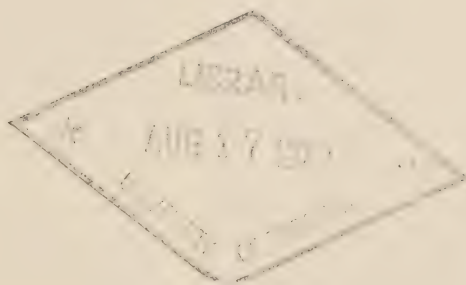




# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**  
Estimates, Ministry of Energy



**First Session, 31st Parliament**  
Friday, July 8, 1977

Speaker: Honourable Russell Daniel Rowe  
Clerk: Roderick Lewis, QC

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## LEGISLATURE OF ONTARIO

FRIDAY, JULY 8, 1977

The committee met at 11:56 a.m.

### ESTIMATES, MINISTRY OF ENERGY (continued)

On vote 1902, energy policy program:

**Mr. Chairman:** I see a quorum. We are on vote 1902. Ms. Gigantes was speaking last night but she is not here and I don't have anyone else on the list. Did you want to speak on this, Mr. Reed?

**Mr. Reed:** No, thank you, Mr. Chairman. I will pass on that.

**Mr. Chairman:** Mr. MacDonald?

**Mr. MacDonald:** This is a general question; I don't want a detailed answer, but I think the broad framework of the answer would be useful.

One of the standard criticisms that has been made by people in all parties, including the Liberal Party, is that there is no real national energy policy and that that's part of our problem. I concede that until you have a more clarified national energy policy, it is difficult to develop a provincial one. But in spite of the difficulties of developing a provincial energy policy, you must be sort of seeking out the ingredients of what would be a provincial policy that would dovetail with a national policy.

What would your answer be as to what are the ingredients of a provincial, or national policy in effect, and what you would like to have if you could get the necessary potential for co-ordination at the federal level?

**Hon. J. A. Taylor:** First of all, I think the goals would be the same whether it was a provincial or federal policy. That is, a secure supply of energy for future generations, not only in this province but in Canada. I think that secure supply must be related to supply at a reasonable price and, when you are talking about that, I think you are talking about self-reliance as much as possible within the national framework. Also an essential part of that would be to ensure you achieve that goal with due consideration to the environmental impact on the country; and again I use that word in its broadest context. Surely that should be our aspiration.

You have pointed out there is of necessity a problem provincially because of the jurisdictional distribution of powers. I have indicated that if we look at the fact that our natural resources are basically vested in the provinces under The British North America Act, then we must look at the provinces as separate jurisdictions, almost as sovereign states from an energy point of view, bearing in mind that we just cannot go in and confiscate somebody else's oil in another province. You might take the company away but you can't take its interests into your province; you can't take those assets away. When you look at Ontario, we are really not in a very enviable position. If we have to import 80 per cent of our energy requirements from other provinces or jurisdictions, we are in a lot worse position in Ontario than say the United States would be in if you look at the United States as an entity.

It is essential, therefore, to make whatever strides we can, first of all to ensure as much as possible our own Ontario energy future. That involves initiatives in other provinces and at the federal level. Again, I think we have to bear in mind there are federal lands as well as provincial lands. It is my view that a lot of the future rests in some of these northern areas, the frontier areas. We have not nearly explored the possibilities. I indicated yesterday, from the information I had, that there were about 300 holes punched in the frontier lands as compared to say 75,000 in the province of Alberta, in the conventional area. That means new initiatives have to be made there. Those federal lands, and the resources of those federal lands, surely must be held in trust for all Canadians; it doesn't matter what province you live in.

[12:00]

When you talk about policy, then of course that leads to the question: "Fine, how do we in Ontario accomplish that?" We understand the need to conduct further exploration and development, also that transportation systems would be involved in that. It's a matter of what initiatives we can take on our own as a province in terms of leadership, financing and so on.



The federal government does have a policy, at least as it relates to prices. It is very difficult to outline a policy in a few principles, but the federal policy in terms of pricing is to escalate the prices of oil and gas until they approach world prices. What I have resisted is that policy without a program of implementation in terms of ensuring the development of our own country to make sure we achieve a secure supply of energy. To arbitrarily increase prices of gas and oil without a strategy in terms of the application of surplus, excess or windfall funds, I think is not too meaningful.

It may very well be that the federal government has an overall policy but it just hasn't been communicated too well. I am talking now in terms of exploration because, as you know, it has established Petrocan. My concern there is that if Petrocan buys Atlantic Richfield, that doesn't mean you generate any more oil. All you will have done is taken over an existing operating company so that you can show an expenditure in terms of how the federal government spends funds and shows maybe \$300 million or \$400 million for Atlantic Richfield. But to me, those aren't the types of priorities that should be necessary, because if Atlantic Richfield is operating and if it is going to stay operating for a profit, it is going to have to keep its operation running and keep the oil or what have you on stream.

It is the matter of new initiatives that concerns me. We in Ontario have taken some initiatives, as you know. One is Syncrude. I think that's significant, because we have known for a very long time of the potential in the tar sands—

**Mr. MacDonald:** What other initiatives though?

**Hon. J. A. Taylor:** I was going to say that in stepping into that, it was a matter of the technology. The Great Canadian Oil Sands operation has been going on, but it was a matter of proving the economic viability of the Syncrude operation. Our participation in that, I think, was very helpful; also, it was very educational from our point of view.

My view isn't that we should get in and try to develop a portfolio as a province in terms of holdings in tar sands, heavy oils or conventional oil and gas but that we should take some initiatives and act as a catalyst and maybe as an entrepreneur in terms of putting something together because of the very high cost today. The projects today are very expensive; they are in the multi-billion-dollar range. I think there's initiative there.

Incidentally, that operation should be producing about 40,000 barrels a day next year and it will go up to 125,000 barrels a day. It will net Ontario a reasonable return on its investment, I am convinced.

It is not a question of sitting with that however. To me, it's a matter of getting on with new initiatives. It may be another Syncrude or something else; it could be rolling over that investment. I think the Polar Gas project, in which we were involved, is something else. We are looking at the Arctic lands again but—

**Mr. MacDonald:** What do you mean when you say you are looking at them? Are you getting the reports of the consultants at the federal level or are you in there doing your own looking?

**Hon. J. A. Taylor:** We are in there as a part of Polar Gas, so we are privy to all of the activities that are going on in terms of the technology.

**Mr. MacDonald:** Are we a corporate partner in Polar Gas?

**Hon. J. A. Taylor:** Yes, the Ontario Energy Corporation is a shareholder in that. As I say, we are privy to all of that information about the technology. Also, of course, we have influence there because we are sitting on the board of directors. We have influence in terms of location of a pipeline to ensure Ontario's security of supply. If a pipeline is to be built, after establishing the technology we want to ensure that the route chosen will serve the interests of Ontario consumers, because we are the largest consuming province. Again, these are initiatives that we take.

In regard to the overall picture—before I get into that, maybe I could mention electrical grids, because I know of your interest in that area. We are spearheading and participating in an interprovincial committee to review the whole proposal of a national grid.

**Mr. MacDonald:** A series of regional grids is not a national grid.

**Hon. J. A. Taylor:** We are into that now we have that put together. Hopefully, that can be a great help to us and to all Canadians in terms of total energy requirements. I think it's that spirit of co-operation that's necessary there.

I was going to say, before I mentioned that, that covering the whole area of course are some things that each province can do sometimes independent of and sometimes in conjunction with the federal government, if we know our goals are the same. A very simple and obvious one is the whole field of conservation of energy.

Therefore, we take our initiatives as a part of our energy policy. We say that's important; I think it's apparent without getting into detail on that, but that's important.

We can take our initiatives in industry, working with the Ministry of Industry and Tourism, the energy bus concept and the substitution of fuels in industry. I mentioned natural gas. We use something over a trillion cubic feet of natural gas a year in Canada; half of that is used in Ontario and again about half of that is used by industry. You can see the importance of working with the large users of gas, because it may be by substitution of fuels we can effect economies. That's the type of project we have at the industrial and commercial level.

We try to set an example as a big user in government. Our energy costs run about \$75 million a year in government, so we set targets not only in terms of retrofitting but in terms of a percentage decrease in utilization of energy. By the next fiscal year, we expect to achieve a 10 per cent overall reduction in energy consumption in government and we are expecting that within five years we could achieve a 15 per cent reduction. There's a program throughout government, co-ordinated by my ministry, to effect the changes that are necessary.

In the residential and private sectors, we are trying to achieve energy conservation through public information, the thermography project and the followup with that as well as, hopefully, the fuel saver loan program. That all fits into that overall concept.

**Mr. MacDonald:** Can I intervene? The detail of conservation more appropriately comes in a later vote, but just to go back a bit—I don't want to hog unduly the limited question period we've got this morning—can I raise two points in terms of supply: Transportation, that basic issue, and pricing. I'm never certain exactly as to what the Ontario government policy on these has been.

One of the excuses advanced by the consortium of the federal government, the producing provinces and the oil companies for escalating prices to the international level is that you've got to have money for exploration. I've never yet heard an effective reply from the federal government—and I put it to you—as to whether we are given any real assurance that the extra money the consumers are giving up is being used for exploration purposes.

Quite frankly, I think what is happening is that the oil companies are getting it two ways. They write off all these costs. It's a write-off procedure in terms of taxes, to

begin with. The consuming people generally, through this benefit the the oil companies get, are paying for it because they have to pick up the tab for money that would otherwise be coming in from the oil companies. Secondly, they are paying it in terms of higher prices.

We have no assurance that they are spending that money on exploration. I remember a figure—and this is out of date, but it illustrates the point I want to make—that was given by Lougheed when he was getting a bit tough with some of the oil companies. They had been investing something like \$180 million or \$190 million the previous year in exploration and, although he gave them very significant tax benefits, the next year they were investing the same amount.

The oil companies have great portfolios and they have a great variety of sources. If they want to put the squeeze on us in Canada to get even more favourable conditions, they will go and do their exploration off Labrador, in the North Sea or God knows where.

In other words, what is our view, in Ontario, as to whether or not, on behalf of the consumers of Ontario who are putting up the money through higher prices as well as through tax benefits for oil exploration, we are getting more exploration?

Tying in with that is the other question: Has the Ontario government any position with regard to the federal government's moving, reluctantly and tentatively to phasing down exports so that we can meet our domestic needs rather than exporting and having to buy at very high price levels from OPEC?

**Hon. J. A. Taylor:** We can perhaps deal with that in reverse order. In terms of exports, yes, the Ontario government, through my ministry, does take a position through interventions and hearings in terms of exports, whether it's electrical power or what have you, and we are kept advised on that on a continuing basis to ensure that domestic considerations come first.

**Mr. MacDonald:** Do you intervene at the National Energy Board with regard to exports of oil and gas, for example?

**Hon. J. A. Taylor:** Yes. We are very mindful of that, being a consuming province and being very dependent on security. We are up to date and current, and I can give you particulars if you want to go into that.

In terms of the breakdown of where the surplus dollars go—that is, through ever-escalating oil and gas prices—this is a matter that really has concerned me. It was my



view we should have an accounting of the oil and gas dollar before we consider any further increase. It's a position I took at the federal-provincial conference.

I don't have a closed mind. I appreciate costs are going up and so on. But let's have an accounting so there is some credibility in terms of the need for further increases in oil and gas prices, especially in light of current economic conditions.

**Mr. MacDonald:** I would have liked to have heard you saying that, because you would have sounded like Tommy Douglas.

[12:15]

**Hon. J. A. Taylor:** Well, I—

**Mr. MacDonald:** Forgive me. I don't want to throw you, but that's the point he has been stressing for a long time.

**Hon. J. A. Taylor:** I would hope not; that would trouble me.

**Mr. MacDonald:** Yes, I know it would.

**Hon. J. A. Taylor:** I'm not suggesting—there are some eternal truths where our paths are coincident.

**Mr. MacDonald:** This is one of them, I suggest.

**Hon. J. A. Taylor:** I am aware there are those moneys, and I asked very forcefully for an accounting. We got into a numbers game and, frankly, it wasn't too fruitful. As I indicated earlier, it's not too helpful to try to explain away \$300 million or \$400 million because you now transfer activities to a particular budget or area of concern which were ongoing for years beforehand anyway; for example, Atomic Energy of Canada Limited, the purchase of Atlantic Richfield, which I mentioned, and things like that. I didn't think that was too helpful.

There was still a large surplus indicated in terms of hundreds of millions of dollars going into the government tills. By government I mean the federal government and, without question, the governments of Alberta and Saskatchewan, principally.

The lion's share of this money is going into the government coffers, as I say. What troubled me was that it is going into the consolidated revenue fund where it can get lost in the process and consumers of high-priced energy may not be investing in their own future in terms of a secure supply of energy.

A few years ago, perhaps even more recently, there was concern about the lack of exploration. Recently, I gather, there's been more activity because of some changes the federal government had made in terms of

taxation of corporations, write-offs in regard to exploration and so on. As to whether or not that is adequate, apparently the federal people seem to indicate through their information there has been a spurt of activity because of more favourable allowances for exploration. I think that record should be very plain to the public.

I'm not familiar with the detail of the proposed legislation of the federal government in terms of opening the books of the oil companies. Your colleague Evelyn Gigantes was trying to encourage me to endorse her position, and presumably the federal government's position, in applauding that legislation; I refuse to do that. Without commenting whether that legislation is good or bad, surely a government—especially a government that is extracting taxation through royalties and corporation tax—should know by now what are the activities of public corporations, which probably have a large number of shareholders, financial statements and so on. I think the public should know what these efforts are, and I would question if an oil company would object to that. I don't know why an oil company would object to that.

**Mr. MacDonald:** Mr. Minister, can I make a suggestion here? Then I want to go to my final question. The next time you go to a federal-provincial conference and you seek information on what has happened to the moneys that have become available to the oil companies for exploration to ensure us of an adequate supply and you feel, as you've just expressed, that you are being flim-flammed to some degree—it's a numbers game and so on—I suggest that it becomes Ontario's responsibility to do, with the personnel resources you have, an analysis of the inadequacy of that and to intervene as the champion of Ontario consumers and Ontario taxpayers to assist in the revelation of how inadequate is: (a) The information; and, to the extent you can draw conclusions, (b) the application of those new funds to general exploration. If you don't do it, five years from now we're going to go and you'll come back—if you're still there—saying once again, "I've got inadequate information."

**Hon. J. A. Taylor:** Don't put words into my mouth. As I indicated, my concern initially has been with where most of the money is going, and most of the money is government take in one form or another. We've had co-operation, as far as I can find out, in terms of the money spent on exploration from companies and so on; but if



you cannot get the co-operation and openness of governments in terms of their utilization of those moneys, you sometime wonder whether you focus on perhaps the private companies who are getting the smallest share of that.

**Mr. MacDonald:** Whether it be the private companies or whether it be an inadequacy in terms of full detail as to what the government is doing with its share of the take, it seems to me there has got to be a full spelling out of this and an emphasis on this point. Part of the money the government is getting at the provincial level is because it's one of their resources. Under the constitution, it's one of their legitimate sources for getting revenue. The basis of the western Canadian case vis-à-vis Ontario is, "Look, you've been getting money from your resources. For once, we have a resource in which we have a great benefit, and we're going to lay claim to our constitutional right to raise revenue from that, because it's an expendable resource, a finite resource and some day it's going to run out. We've got to build our province in the interval." Forgive me for a moment for defending their case but constitutionally it's a fairly strong case and they're just beginning to enjoy benefits that Ontario, to some extent, has enjoyed traditionally.

The emphasis must be on getting that information as to what the federal government gets, how much of it is being used in a national energy policy in terms of equalizing prices, particularly for the Atlantic provinces, and how much more of it should be used, rather than getting lost in the consolidated revenue, for supplementing the exploration process?

**Hon. J. A. Taylor:** We have our own calculations. We've done a great deal of research. We have our own technical people within the ministry, and we utilize personnel from TEIGA. We have a great deal of information in terms of what we calculate to be surplus in the balance of energy costs.

Just looking at the 10-cent-a-gallon excise tax that was imposed in 1975, for example, there were two stated reasons given by the then finance minister, John Turner. One was to conserve, higher prices presumably would discourage unnecessary consumption; and the other was that it was to provide for an equalization fund to balance the cost of imported oil and domestic oil.

There have been literally hundreds of millions of dollars surplus in that. Our studies show it didn't discourage consumption, so the conservation aspect of that wasn't very

helpful. But what are we doing with the additional moneys? That was raised by ministers of energy from other provinces too. They said, "Look, let's use some of that money for conservation projects. If we didn't achieve conservation through increasing the price"—

**Mr. MacDonald:** Presumably that's what they may be doing with their new conservation policy.

**Hon. J. A. Taylor:** It may be—"then let's use the money in some other conservation area."

What I'm getting at is that you shouldn't get lost on that track because of your—and I won't get into philosophical ideologies in connection with the ownership of the resource industries. Don't get trapped on the course, just because it's privately owned, that the consumer is being ripped off, that the companies aren't exploring and developing our resources, that everything is being kept secret and that they are taking the lion's share. They are not. I repeat: If there is an example to be shown, it should be shown by government first of all.

Alberta is frank: it probably has \$3 billion in its Heritage Fund. I don't think the aspirations of Albertans are to put the next generation on welfare, to spend what they have accumulated and all retire; I think they are interested in developing their own economy to provide a strong, diversified economic base.

**Mr. MacDonald:** Mr. Minister, may I make a suggestion? Then I would like to get to my final question so that others can take over here.

I understand Evelyn Gigantes has raised with you the point that when we get into the estimates next year, we should have the kind of information you have indicated that you have in terms of analysing this situation as to what money is available, how much of it is being used for exploration, how much is surplus, how much in your view you think might be directed into the conservation field to make that more effective. That kind of background information is very necessary for effective discussion of policy in the estimates.

I just suggest that when you come to the estimates next year, because your ministry is a peculiar kind of ministry—it is really a policy secretariat for the energy field—if we had all that information, we wouldn't have to go through a long and tedious procedure of digging out the information; we would have it, we could read it, we could absorb it, and then we could come to an

intelligent grappling with the basic policy issues.

**Hon. J. A. Taylor:** It might be overly optimistic to arrive at that conclusion just through the supply of information. We would be happy to discuss this with you throughout the year. It is not something you can bring in a cardboard box and dump on you—

**Mr. MacDonald:** I agree.

**Hon. J. A. Taylor:** —because it gets mind-boggling after a while, when you get into the detail of the figures.

**Mr. MacDonald:** I don't know who will be having that key responsibility in our caucus, but I am sure it will be done.

Let me get to my final question. It is one I asked in my leadoff. I want to deal with it forthrightly so we don't get lost in an exchange of rhetoric.

Every time you go to Ottawa with regard to these conferences on another price increase, you know what the government policy is, it is to escalate to world prices. You know they have exercised their right, as a majority government, and have passed a law which provides that if you can't get agreement among the provinces, they are going to lay it down. They have the right to fix it, and they do fix it. So your rhetoric becomes a little futile and a little idle. It must be horribly frustrating for you.

Therefore, it seems to me that you have got to face up to some other mechanism for expressing Ontario's objective as a consumer province in protecting consumer rights. I suggest to you that the objective, not as a long-term policy, is at least to make them stop, both the federal government and the oil companies, in this policy which you object to and about which you can give pretty solid and convincing documentation as to its inadequacies.

You have got to have some other mechanism to stop them in their tracks. I suggest the only other mechanism that I am aware of is that you exercise your right in the province of Ontario to fix consumer prices, to freeze prices at the consumer level. The net result of that would be that the oil companies would have to be paying the higher prices to Alberta and they wouldn't be getting as much of an intake in here; then they would have to stop and take a look at the picture. You might even get the oil companies partially on your side.

**Hon. J. A. Taylor:** I don't look on them as antagonists.

**Mr. MacDonald:** At this point, they and the producing provinces and the federal government are in a combination to escalate prices to an international level. You are opposed to that. You are on record, in reams, as being opposed to that. So you have got to get them on your side. At the moment they are your enemy. They have formulated a policy which you are not happy with and which is not serving the interests of the province of Ontario.

My question is really this: Instead of the idle rhetoric—which you know is idle because you know the government is going to go ahead and implement its policy, and you know that under the law it has the right to do it if you can't get agreement voluntarily among the provinces—if a price freeze isn't the way to express your view and to make them stop and take a look at that policy once again, what other alternative have you got? Because I suggest to you that the idle rhetoric is going to become even more idle.

[12:30]

**Hon. J. A. Taylor:** Maybe not as idle as yours. You want to substitute your rhetoric for my rhetoric.

**Mr. MacDonald:** No. But presumably the rhetoric from the minister is to achieve an objective; and my rhetoric is to try to get you to be effective.

**Hon. J. A. Taylor:** All right. I don't think it's a matter of confrontation in terms of force. You can call it rhetoric, but I think it's persuasion.

**Mr. MacDonald:** Do you think you're persuading them?

**Hon. J. A. Taylor:** I think we have. I think we've been effective in retarding the rate of escalation of oil and gas prices in this country. I think Ontario has played a real role in that. We don't like any increase. Nobody likes to pay more money. I think we all agree that as the years go by you have to pay more for commodities, as everything seems to be rising. And inflation, of course, is something that concerns us all.

**Mr. MacDonald:** Two bucks a year?

**Hon. J. A. Taylor:** It's all right to argue that we have the power of a consumer, but we sure don't have any of that commodity in the province. We can freeze, as we did in the past; and you can deep-freeze, as you have suggested; but what I'm afraid of is that that kind of brinkmanship may be catastrophic in terms of the consumer in Ontario if we don't get any oil at all.



**Mr. MacDonald:** As I read your speeches I came to the conclusion that the implementation of the policy is rather catastrophic for Ontario. Now either you've exaggerated the consequences in terms of its impact on Ontario or else you want to seek some way of stopping it—not just slowing it down a little.

**Hon. J. A. Taylor:** I don't think you're questioning the purity of motive; I think what you're looking at is the results, or whether we've accomplished what we're trying to do. I've met with other provincial ministers and provincial premiers whose support I thought we could gain to try to get enough of the Canadian population with us. We had just about a half of the population of Canada opposed to any increase in the price of oil at this time.

What troubles me really is I was looking for some real public support—and, frankly, from your party and the other party in the House—to take it really seriously. As I've said before, we sure get the response and the pressures when Hydro rates go up, but we should have the same response when it's forecast that oil and gas prices are going to go up; but for some reason the public seem to accept that until it happens. Even when they get a 60-day freeze for pass-through, and then all of a sudden they're paying more, you get some grumbling and it seems to be accepted. This is what really troubles me, because I think until you get the people of this country aware and concerned and put the pressure where it belongs, then we're going to have a great deal of difficulty.

**Mr. MacDonald:** A final comment and then, no matter what you say, I won't take it up again, because I want to end this.

The only people who can stop this, because they've got some measure of power to stop it, are you as the spokesmen for the government. If people are lethargic, and resigned and cynical, and whether it be your charge that we're cynical in not supporting it—we're cynical because we know your rhetoric means nothing—we know that the policy is to escalate, we know they have the power to escalate; and we know they're going to do it no matter how much you talk.

You must be willing to use some other mechanism to focus attention on it and to say to the people of Ontario, "We not only agree it is wrong that prices should go up, but we're going to stop them from going up, at least for some time, to force a re-examination of the policy." If you don't do

that, certainly the people are going to be lethargic.

**Hon. J. A. Taylor:** You can eliminate the oil companies, you can expropriate them or their interests in Ontario—

**Mr. MacDonald:** I'm not talking about that. Don't confuse the issue.

**Hon. J. A. Taylor:** —but at the same time I don't think that's going to get oil and gas to the consumers of Ontario. And I don't think that confrontation and strong-arm tactics are going to work so well when we don't have those resources within our provincial domain.

**Mr. MacDonald:** You're fudging the issue, and I cease.

**Mr. Reed:** If I can make an out-of-order comment, what we see here is the divergence of reality and politics.

**Mr. MacDonald:** Which side is reality and which side is politics?

**Mr. Reed:** During that exchange—it was very interesting—the minister came the closest to explaining the reality of the petroleum situation as it relates to Ontario. But he didn't quite go over the brink, because it's still politically popular to be able to get on your white horse and ride to Ottawa in a sea of rhetoric.

**Mr. Foulds:** Ride in a sea of rhetoric?

**Hon. J. A. Taylor:** That's a sea horse.

**Mr. Foulds:** Sea horses are very miniature.

**Mr. Reed:** The intimation is, if you ride in the sea you ultimately drown.

**Hon. J. A. Taylor:** Now I'm told by Mr. Gillespie that they're trying to take my horse away by changing these conferences from an annual basis to something longer than an annual basis. I hope not, because I think it's important to have that exchange.

**Mr. Chairman:** Mr. Warner?

**Mr. Warner:** One of the things that disturbs me about the issue just raised by my colleague is the fact that I anticipate and expect that a government duly elected by the people, regardless of the composition in the House, has a responsibility to take positions and hold firmly to them. Those positions should be clearly understood by everyone in the House and by the population, and I expect such a government to be prepared to defend them.

Quite frankly, it seems to me that if the government has but one clear suggestion, which has just been enunciated—because I have not heard from the minister any other alternative to the one proposed by my col-



league the member for York South (Mr. MacDonald)—if that is the only one, then you should say you are either going to do that, and if you decided to say that, quite frankly I know that our party would support wholeheartedly and say that you were doing the right thing.

**Hon. J. A. Taylor:** To freeze prices?

**Mr. Warner:** Or do nothing! It seems to me that you could say quite simply that we are prepared to freeze those prices unless both the oil companies and the federal government are quite willing to put forward all their figures to justify for us the increase that they want to pass along and unless they are prepared to justify unequivocally the position to moving to world prices. And unless we see that justification and unless we see those figures from the parties involved, then we are not going to have a price increase in the province of Ontario.

Quite frankly I see that as the only alternative or suggestion. I'm open to others. If the minister has some other initiative, I'm quite willing and open to listen to it and if it's a good one, I'm prepared to support it. But quite frankly I haven't seen anything else. To me, it's a lack of leadership. I don't know how else to describe it.

**Hon. J. A. Taylor:** I'm not about to lead this province, nor the people of this province, to the brink of disaster. It's okay for you to say there isn't an alternative, that the only option is the one you've provided; that is, to freeze prices on oil and gas indefinitely, ad infinitum, and bring the oil companies to their knees.

**Mr. Warner:** That's not what I said.

**Hon. J. A. Taylor:** Well, until they agree that there will be no increase, that is what you're saying. The position that we have consistently taken is to demonstrate, through our information and solid facts and figures and persuasion, our argument that it is going to be detrimental, not only to the people of Ontario but to the people of Canada to keep escalating the price of oil and gas artificially, especially when that race to world prices may never end. Once you seem to achieve a nearness to world price, then world price increases again. It could be \$20 a barrel, as Premier Lougheed has said, or it could be \$50 a barrel; surely our goal should not be to reach that.

You're saying that what we should do is freeze, as I understand it, and not take the approach that we have to be persuasive, that we have to try to convince our fellow Canadians what is in the best interests of us all.

You may change your mind when there's no more gasoline in your tank, no more fuel oil in your tanks at home or no more natural gas going through the pipelines to heat your home and so on. Where is this going to come from? If the oil companies and gas companies have to buy gas and oil at higher prices than they can retail them, they're not going to be in business very long. So I really don't see the logic of that particular approach.

**Mr. Warner:** A short while ago the government of Ontario said to the landlords of Ontario that you must justify your price increases; if you wish to receive an increase in the rents which you receive you must justify the increase. Very simply, that is what I'm saying. Those oil companies and the federal government must justify that increase in order to receive it. That's all I ask you. If you're not willing to go through the process of justification, that's fine; that's your business, you're the government.

**Hon. J. A. Taylor:** But the oil is not in Ontario. We can't control the oil and gas that is out of Ontario. The property that the landlord is renting is in Ontario, so your leverage is much different than when you're dealing with something that is not in the province.

**Mr. Warner:** We're obviously not going to solve this this morning, Mr. Chairman. I'm sure the minister now will ponder the situation again and we can go at it on another occasion.

I have a different matter which I wish to raise. It's with respect to the setting of policy. I take it that Ontario Hydro develops its own policy to some extent, but the government provides initiatives or suggestions as to how that policy is developed. What I'm concerned about is that it seems to me that in some instances conflicts arise between what the government wants it to do and what Ontario Hydro wants to do. I'm not sure how you reconcile that point.

What do you do when what you want seems to be in conflict with what Ontario Hydro's directions are? How do you back-track from that? How do you resolve that? May I put that forward to you as a general question before I make it more specific?

**Hon. J. A. Taylor:** Maybe we should deal with the specifics if you have a specific illustration because, in general terms, it depends on whether it's a matter of policy that this government would dictate. As you know, we have the Porter commission hearings on electrical power planning for the province. There will be provincial policy

coming out of that, and Hydro will have to conform with that, as it has in terms of the recommendations of the select committee, here its projection of spending more than \$10 billion was cut back by about \$6 billion. They then have to tailor the cloth to suit.

**Mr. Warner:** Okay. I'll put forward the situation and the perspective—

**Hon. J. A. Taylor:** As a matter of fact, might mention the government response to the select committee of the Legislature report on 1976 Hydro rates. A recommendation as: "The Ontario government develop and early articulate government policy towards Ontario Hydro." Maybe you can get into the particular situation.

**Mr. Warner:** Okay. I take it that the government—

**Hon. J. A. Taylor:** Are you familiar with

**Mr. Warner:** Yes.

2.45]

**Hon. J. A. Taylor:** That was the recommendation to the government. I think you're familiar with the response.

"The government's policy with respect to Ontario Hydro is clearly set out in legislation and policy directives given to Ontario Hydro. In July 1976 the Minister of Energy, in a submission to the Royal Commission on Electric Power Planning, described the relationship of Ontario Hydro to the government. That statement identified present government policy toward Ontario Hydro and the process or processes through which new policy is established, how its existing policy is modified and the channel through which Ontario Hydro is advised of new government policy."

**Mr. Warner:** Okay. The situation which I would like to briefly describe seems to me to provide a conflict between the government and Ontario Hydro. I take it that part of the government's responsibility is to protect the citizens of Ontario as consumers, sometimes unaware consumers. Ontario Hydro's job is a different kind of one in trying to deliver the services which it is mandated to do.

In the case of aluminum wiring, we have a business where at some point in time Ontario Hydro decided, on the basis of information it had, that aluminum wiring was a pretty good thing to use. I would believe that the Ontario government accepted that. Sufficient concerns have been raised by citizens and by various groups around the Province of Ontario about aluminum wiring that the government decided to set up an

inquiry. Fair enough. That is in the interest of protecting the citizens of Ontario, which the government is supposed to do. But from the accounts I have to date it would appear that where the government has set up the inquiry, on the one hand, whose job it is to take in all the information, to sift it through and come out with a decision; on the other hand it would appear Ontario Hydro is involved in trying to defend its own policies by way of cross-examination and by way of intimidating those who come before the inquiry.

**Hon. J. A. Taylor:** I don't agree with that or accept that fact, because I would think the purpose of cross-examination would be to bring out the truth. I am not going to comment now on the manner of how that process has taken place, because I am not personally familiar with it. But I think you should bear in mind that when you get into that field of aluminum wiring, you are under the Ministry of Consumer and Commercial Relations which has the responsibility of the building code. That whole area is under its jurisdiction and not my jurisdiction as Minister of Energy.

**Mr. Warner:** I am fully aware of that. I am also aware that one of the major constituents of this inquiry is Ontario Hydro. The comment has been made by the person heading up the inquiry that the methods being used are going to drive ordinary citizens away from wanting to testify. That concerns me very much.

I think it directly involves you because it seems to me, from the situation as described and as it would appear, that the government may want an objective inquiry held so that the rights of the citizens of Ontario are protected; but on the other hand it has an agency of that government, Ontario Hydro, involved in such a way as to diminish the work of that inquiry.

It bothers me very much because it would appear to me then that Ontario Hydro wants to protect itself at all costs on the issue of aluminium wiring. While that may be in the best interests of Ontario Hydro it may not be in the best interest of the people of Ontario. Therefore, I put to you that there is a conflict of purpose involved between yourself as a minister of the Crown and Ontario Hydro. Do you see there is some potential for conflict there?

**Hon. J. A. Taylor:** In that case, Dr. Tuzo Wilson was appointed as a royal commissioner. His powers are extensive, including the right of legal counsel. I certainly have known of Dr. Wilson's expertise for a good



many years, from the days I attended the University of Toronto.

I have complete confidence in that man's ability to ensure that the facts come out. If he doesn't like some of the procedural wrangling or the manner in which cross-examination takes place and so on, then I am sure he can and will do something about it, because I think it is important that people not be discouraged. It is important that all of the facts come out. No doubt there will be a lot of bias, and it is sometimes difficult to sift the two.

But with that jurisdiction and with the ability of the person conducting that inquiry, I think his report will be objective.

**Mr. Warner:** I have one last question in that regard: If the person heading the inquiry finds that Ontario Hydro's activities in that inquiry are having a detrimental effect, do you take it to be part of your responsibility to do something about that?

**Hon. J. A. Taylor:** Are you asking, if Ontario Hydro's counsel is not conducting himself in a manner that you would deem appropriate, that I should interfere in that?

**Mr. Warner:** I am asking whether or not that is part of your responsibility.

**Hon. J. A. Taylor:** I don't see it as my responsibility. I would see it as the responsibility of the tribunal which that person appeared before to ensure the conduct of people appearing before that tribunal was appropriate to the occasion. I think that is a responsibility with which he is charged.

If there were some concern expressed to me, I would certainly bring it to the attention of the chairman of the board of Ontario Hydro, and let the board know what our concerns were. I think it's important that the public should perceive the hearing to be objective; and it is important that in fact that hearing be objective to encourage people to bring forward whatever facts they may have which would assist the commissioner.

**Mr. Warner:** And it doesn't ultimately come back to you?

**Hon. J. A. Taylor:** No. That report would go through to the Minister of Consumer and Commercial Relations.

**Mr. Warner:** No, I meant with respect to the conduct of Ontario Hydro during that inquiry; if it is unbecoming, doesn't it come back to you?

**Hon. J. A. Taylor:** As a rule, complaints about personnel of Ontario Hydro, a Crown corporation, don't come to me; they go to Ontario Hydro's management.

**Mr. Warner:** Thank you, Mr. Chairman.

**Mr. Chairman:** Did you wish to speak next, Mr. Foulds?

**Mr. Foulds:** On policy development, is that right?

**Mr. Chairman:** Vote 1902.

**Mr. Foulds:** Yes. I want to discuss two things in terms of policy development. One of them is that obviously, from the previous discussion, you don't see it as part of your ministry's policy development thrust the regulation of oil and gas prices at the retail level in Ontario is part of your responsibility. Is that correct?

**Hon. J. A. Taylor:** As far as the ministry's policy is concerned, we of course reflect the policy of the government, in terms of oil and gas pricing. We develop our position paper and make the presentation accordingly.

If you are talking about natural gas distribution within Ontario, we have the Ontario Energy Board, which deals with rates.

**Mr. Foulds:** I am talking about gasoline. I am sorry.

**Hon. J. A. Taylor:** There is a continuous series of applications to the Ontario Energy Board in connection with rates. As you know, the gas utilities rates have to be approved by the board before they can be imposed on the consumer.

**Mr. Foulds:** So in fact, your government does consider it has the authority to regulate natural gas prices in Ontario?

**Hon. J. A. Taylor:** Yes, we do.

**Mr. Foulds:** Then why do you see it as impossible for you to have the same kind of policy to regulate home heating oil and gasoline prices? There is obviously a contradiction there.

**Hon. J. A. Taylor:** I think you are getting back to what was said earlier and yesterday. You are leading to the suggestion that a regulatory authority should fix the prices of domestic gas and oil at less than what the distributors pay for them.

**Mr. Foulds:** Obviously you as a government have said that it is in the interests of the people of Ontario to regulate natural gas prices, presumably to protect the consumers, both private and industrial. Surely it is logical, not just rhetoric, for you as a government and as a ministry therefore to say, in the interests of the industrial and private consumers in Ontario, we have some responsibility to look into the regulation of prices in similar commodities.

**Hon. J. A. Taylor:** I don't accept your parallel. If you are dealing with a public utility that is a monopoly, if you are dealing



with Consumers' Gas, Union Gas or Norcen, where basically the whole franchise is a monopoly position, it is a lot different from dealing with the milkman on the street—I guess you don't have those any more, but the oil truck on the street, the ice cream vendor or whatever you have.

**Mr. Foulds:** First of all, I didn't know you had the Ministry of Agriculture and Food as a responsibility as well as the Ministry of Energy.

**Hon. J. A. Taylor:** I was giving you a parallel, because you were talking about all prices.

**Mr. Foulds:** I was just talking about energy prices, and the two commodities I was talking about were home heating oil and gasoline. Surely the reason your government adopted a policy of regulating natural gas prices was not merely that it is a monopoly, a private monopoly rather than a public monopoly, but that you thought that it was in the best interests of the consuming public of Ontario.

**Hon. J. A. Taylor:** Do you mean not to create a—

**Mr. Foulds:** No. To do so with natural gas.

**Hon. J. A. Taylor:** Where you have a monopoly position, then you have a regulatory board to ensure that the consumers or the public are being dealt with equitably.

**Mr. Foulds:** Are you seriously telling me, as a minister of the Crown in the province,

that you don't think the oil companies in fact form a cartel that is parallel to the monopoly situation in natural gas?

**Mr. MacDonald:** In fact, you said yesterday you wanted a domestic cartel.

**Hon. J. A. Taylor:** That's right—but not formed by the oil companies; a domestic cartel that has been formed by the federal government. In other words, it is the federal government that fixes a national price.

**Mr. Foulds:** So that, in fact, you would have a public monopoly organized by the federal government.

**Hon. J. A. Taylor:** You have a national price fixed by the federal government, but there has never been any suggestion—certainly not on my part and I would hope not on yours—that the oil companies have conspired or combined to form a cartel to fix prices, because it is not at their level that the national oil price has been fixed as an artificially high price.

**Mr. Foulds:** Your naivete is really mind-boggling.

**Mr. Chairman:** Order. I am sorry, Mr. Minister, Mr. Foulds; we are out of time. Would you like to vote on this item?

**Mr. Foulds:** No. I'd like to continue next day.

**Mr. Chairman:** We will continue on Monday.

The committee adjourned at 1 p.m.

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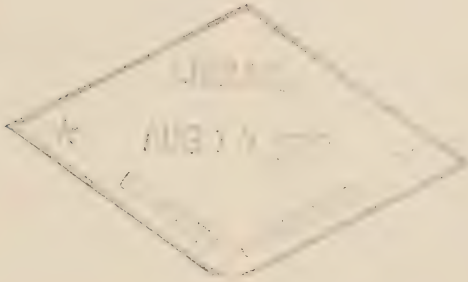


# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

### **Resources Development Committee**

Estimates, Ministry of Energy



### **First Session, 31st Parliament**

Monday, July 11, 1977

Afternoon Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC

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# LEGISLATURE OF ONTARIO

MONDAY, JULY 11, 1977

The committee met at 3:35 p.m.

## ESTIMATES, MINISTRY OF ENERGY (continued)

On vote 1902, energy policy program:

**Mr. Chairman:** I see a quorum. We start, with four hours and 32 minutes to finish these estimates. Mr. Foulds is first speaker and I haven't any other names.

**Mr. Foulds:** I wanted to pick up where I left off on Friday last, Mr. Chairman. I would like to ask the minister what research his ministry does with regard to the pricing that takes place in home heating oil in northern Ontario and, if any monitoring and research does take place, what conclusions that forces upon the ministry and what action we may plan to take, or can take, to bring more equitable prices to the residents of northern Ontario for home heating oil.

**Hon. J. A. Taylor:** The detailed research which has been done there, on an ongoing basis, pertained really to gasoline pricing; that seems to have been the real concern, bearing in mind, of course, what was said in that regard by the Isbister report, bearing in mind the ingredients or elements involved in the pricing structure—refinery price, transportation costs and dealer markup in arriving at the end price for the customer. We have a lot of detailed information on that, covering quite a number of communities throughout Ontario. And it's not a problem that's confined to northern Ontario. Generally speaking, you'll see it more pronounced in smaller communities.

On fuel oil prices—furnace fuel and industrial and commercial products—I might just read from the royal commission on products pricing, at the bottom on page 45, the conclusions: "The selected product markets reviewed are competitive and functioning with at least reasonable efficiency. There is no requirement for government intervention." I know that doesn't coincide philosophically with the principles of your party in terms of no government intervention.

**Mr. Stokes:** Not very popular with senior citizens, either.

**Hon. J. A. Taylor:** We're concerned with all prices. But I think the main thing is to

ensure that there's competition within the market's pricing system.

**Mr. Stokes:** There's no competition in that market. You know that.

**Hon. J. A. Taylor:** There sure is competition.

**Mr. Foulds:** Surely, the minister and his people recognize that in many small communities throughout northwestern Ontario there is, in fact, only one dealer. To the best of my knowledge, there is no competition, for example, in Armstrong. That surely invalidates some of the conclusions that you come to in the report. Leaving aside the difference in philosophy—obviously we're not going to resolve that in a discussion of the estimates—I really do question whether it is factually accurate that there is competition in a number of small communities throughout northwestern Ontario that are reliant on home heating oil for heat.

**Hon. J. A. Taylor:** Our approach, of course, has been to keep overall prices of oil down, in relation to the cost of a barrel of crude oil.

**Mr. Foulds:** Yes, I understand that. What I'm concerned about is the consumer. Let me go into that baldly.

**Hon. J. A. Taylor:** That's our concern; that is my concern with regard to what Jack Stokes was saying about the different segments of the community who find it increasingly difficult to compete with higher prices because of fixed incomes. They may have very modest homes with a space heater and with the thermostat turned back to 65; well, you can't very well tell them to put on a third sweater or a shawl. This concerns me very much and it is the type of thing I've said at the pricing conferences.

It's okay to say everything has to go up, but you reach a point where you hurt the weaker elements in society, groups not in the labour force, retired and on fixed incomes, or they may be in the labour force but not have the same strong bargaining position and, therefore, can't adjust their wages to accommodate increased prices. It is the impact of all this on the labour force, on employment and on inflation which also concerns us.

The adjustments that you're seeking are, of course, in the individual areas. If a person is favoured with senior citizen housing or you have rent geared to income, that's one thing; but we can't—and I don't think we should—put everybody in subsidized housing, because that way you're indirectly subsidizing fuel costs.

**Mr. Foulds:** In northern Ontario you don't even come close to those who have the need.

**Hon. J. A. Taylor:** Well, they do pretty well in northern Ontario.

**Mr. Foulds:** Certain parts.

**Hon. J. A. Taylor:** I'm continually amazed with the wonderful world they have up there—the environment, geography—and still all of the amenities that the so-called southern people enjoy.

**Mr. Foulds:** I live there—I know.

But more seriously: Let me put to you a hypothetical situation, as you seem to stray to philosophy fairly regularly during the debate on these estimates. If your ministry found—as I'm sure it would if it did the detailed research—that in northwestern Ontario, particularly in the regional towns, that people were paying home heating costs that were not justified by any kind of market, what action do you envisage yourself taking to ensure that they aren't paying those undue costs?

**Hon. J. A. Taylor:** First of all, in response to your hypothetical question, if you called me as a member, for example, and said, "Look, in this community there is only one dealer and he's charging a dollar a gallon for fuel oil. Will you check into it?" That's the type of thing we do check and discuss with the industry. We've done that with gasoline pricing. There are some situations where you have an anomalous problem, and you just try to get an explanation of the reasons for it.

But I hope you wouldn't see a situation where there was gouging taking place, simply because a particular small dealer, a private enterprise, was trying to take advantage of his neighbours.

**Mr. Foulds:** I would certainly hope I wouldn't see that either.

**Hon. J. A. Taylor:** I've never known that disposition to be characteristic of a northern.

**Mr. Foulds:** Neither have I. Can you tell me the results of the conversations you've had when these situations, regarding gasoline prices, have been drawn to your attention? Can you, for example, give me any illustra-

tions where you were able to persuade a dealer to reduce prices?

[3:45]

**Hon. J. A. Taylor:** We have people here who deal with the oil companies on a continuing basis who, no doubt, could assist, but what I had in mind was checking in places like Timmins where there was one particular retailer doing—I hesitate to use the word—wholesale business in gasoline with very small markup, so actually the prices were more than competitive with most with travelling distance. That particular situation was a matter raised by Donald Macdonald and we did some checking into that.

I think the member for Lake Nipigon has mentioned—

**Mr. Foulds:** And the results of that check?

**Hon. J. A. Taylor:** Oh, they were very favourable. I was—

**Mr. Foulds:** So he was able to sell the gas at that lower price?

**Hon. J. A. Taylor:** I think that that is the result. We have the member from Timmins (Mr. Pope) here now who can probably verify that particular detail.

**Mr. Foulds:** Did you bother then—

**Hon. J. A. Taylor:** I see him nodding his head approvingly.

**Mr. Foulds:** Let the record show that.

**Hon. J. A. Taylor:** There are other situations—

**Mr. Foulds:** Did you then see it as your responsibility to check into other dealers whose prices were higher?

**Hon. J. A. Taylor:** I don't think that we have, on an organized basis, canvassed every dealer in Ontario, but we have checked with other dealers.

**Mr. Foulds:** To find a control situation.

**Hon. J. A. Taylor:** Yes.

**Mr. Foulds:** Why has the emphasis been on gasoline prices so heavily rather than on home fuel prices?

**Hon. J. A. Taylor:** I would think probably because people drive cars all year around summer and winter. It has been a fairly high profile problem due to members of the opposition parties, and some of the northern members of the Conservative Party, who are very concerned, such as John Lane, who has introduced a private bill on retail gasoline. It was a matter of assessing what the problem was.

We have had examples like Red Lake—Jack Stokes will remember situations such as Red Lake—where you had a very high—



**Mr. Foulds:** They were the first people to raise it to \$1 a gallon.

**Hon. J. A. Taylor:** But then, if I am not mistaken, you have probably four retailers in Ted Lake, so it is difficult when you look at ways to bring prices down. You say: "You could reduce prices if you had a self-serve station. Then if you had a self-serve you need a certain gallonage and if you had that then it could probably support one instead of four retailers. And then what three would like to close down? Have we any volunteers?" You run into that situation.

**Mr. Foulds:** What I would like to bring to your attention is this. I firmly believe that the home fuel price is equally if not more important in terms of the general economy of the north. It affects a larger number of people more adversely.

People in the north are suffering in two ways because of the higher prices of home heating fuel: First, because the winters are longer, they have to consume more of it and because the winters are more intense they have to burn more of it. Second, as a result of that they are paying additional tax on a larger volume—because their base volume is higher they are paying a higher proportion sales tax than is really justified.

So they get it both from the oil companies, because the prices are high and they are having to purchase more, and from the provincial government which levies that kind of regressive tax on a thing like home fuel.

**Hon. J. A. Taylor:** I would like to check the point that you raise in connection with this, because there was a move some years ago to apply sales tax to energy and that has been abandoned.

**Mr. Foulds:** It doesn't apply?

**Hon. J. A. Taylor:** You may recall that particular adventure in the House when John White was Treasurer—

**Mr. Foulds:** Does sales tax not apply to—

**Hon. J. A. Taylor:** —but there is no tax on home heating oil.

**Mr. Foulds:** There is no provincial sales tax?

**Hon. J. A. Taylor:** No.

**Mr. Foulds:** Is there a federal tax on home oil?

**Hon. J. A. Taylor:** Yes, there is.

**Mr. Foulds:** There is federal tax.

**Hon. J. A. Taylor:** Do you know what it is? I am not aware of the amount.

**An hon. member:** Twelve per cent.

**Mr. Foulds:** Have you made any representations to the federal government to reduce that in northern Ontario?

**Hon. J. A. Taylor:** Not specifically in regard to home heating oil. But, generally of course, on the cost of oil in the consumer's oil tank.

**Mr. Foulds:** Well, I would—

**Hon. J. A. Taylor:** Incidentally, on home heating oil, we have some comparative numbers for Toronto and Thunder Bay. The Toronto price is 49.5 cents a gallon and in Thunder Bay it is 50.5 cents.

**Mr. Foulds:** The last bill that I paid was 52.3 cents a gallon, which was some—

**Hon. J. A. Taylor:** Check around. There's more than one dealer in Thunder Bay.

**Mr. Foulds:** Shop around.

**Hon. J. A. Taylor:** Yes, shop around. You can do that.

**Mr. Foulds:** Did you get that from the lowest dealer or is that the average price?

**Hon. J. A. Taylor:** No. Maybe we would get someone who did a little shopping and he can tip you off. You may be able to save a few dollars.

**Mr. Foulds:** I am not in these estimates just to—

**Hon. J. A. Taylor:** I appreciate your altruism. I was not suggesting that it was from a selfish interest that you were pursuing this. I am just saying that there is some competition at the local level and those are the two figures I have. Now maybe Mr. Pinnington, who is here, would have other figures on that.

Do you have further figures on the fuel oil prices in different parts of the province? Do you have any figures?

**Mr. Pinnington:** That is a specific number representing one particular major oil company. I believe there is a price spread in that area of plus or minus a penny. We use the major marketer in that region.

**Mr. Foulds:** A price spread between the dealers, is that? Or is that in the region?

**Mr. Pinnington:** That would be in any one location. That was Thunder Bay that was quoted.

**Mr. Foulds:** What date was that figure?

**Mr. Pinnington:** That was effective March 2 of this year after the price increase. There was a 60-day price freeze after the January 1 crude oil price increase; that was the new number effective March 2.

**Mr. Foulds:** Do you do any sampling in northwestern Ontario other than in Thunder



Bay? For example, do you do Marathon, Red Lake—

**Mr. Pinnington:** I have some typical numbers for most of the communities throughout the province. If you would like me to recite some, would you give me a specific area?

**Mr. Stokes:** Give me the cost of a gallon of gas at Mud River.

**Hon. J. A. Taylor:** Was that before that family moved—half the population?

**Mr. Foulds:** I would like to know if, say, you have a home fuel prices for Armstrong, Sioux Lookout, Marathon?

**Hon. J. A. Taylor:** These are typical prices, of course.

**Mr. Pinnington:** It is 51.5 cents in Armstrong. What was the other location—Sioux Lookout?

**Mr. Foulds:** Sioux Lookout.

**Mr. Pinnington:** I am sorry, that price at Armstrong would be plus 2.3 cents. These prices I have are plus 2.3 cents, which was the price increase on March 2.

**Mr. Foulds:** I was wondering if the price you gave for Thunder Bay was plus—

**Mr. Pinnington:** No, I had corrected that one, Okay?

So the Sioux Lookout price should read 50.7 cents. That includes the increase.

Is there another location?

**Mr. Stokes:** For Armstrong, it's 51.5 plus 2.3.

**Hon. J. A. Taylor:** That's what he said, yes, 53.8 cents.

**Mr. Stokes:** And for Sioux Lookout it's—

**Mr. Pinnington:** It's 48.8 plus 2.3 is 50.7 cents.

**Mr. Foulds:** How do you explain that when they're both on the main CNR line and Armstrong is closer to the east?

**Mr. Pinnington:** The competitive environment.

**Mr. Foulds:** There are more dealers than somewhere else?

**Mr. Pinnington:** I'm not sure what the relative populations are. Do you know what the relative populations are?

**Hon. J. A. Taylor:** I haven't been there for a while.

**Mr. Foulds:** Sioux Lookout is larger.

**Mr. Stokes:** Three thousand to 600.

**Mr. Foulds:** So that's based on gallonage.

**Mr. Pinnington:** Generally speaking, that's what drives the price.

**Mr. Foulds:** That's your assumption. Let me ask you a very blunt question, What are

you going to do to bring the prices down the north? Can you do anything? Do you have any intention of doing anything?

**Hon. J. A. Taylor:** Bring the prices of oil and gas down?

**Mr. Foulds:** Home fuel oil.

**Hon. J. A. Taylor:** Home fuel oil down. Realistically, I don't see how you're going to bring the price down.

**Mr. Foulds:** To the consumer.

**Hon. J. A. Taylor:** To the consumer.

**Mr. Foulds:** So you feel relatively helpless about that?

**Hon. J. A. Taylor:** No. We've already heard of additional announcements in terms of increases in the price of crude oil—dollar every six months for the next two years. In light of that stated federal policy I don't think it's realistic to suggest we're going to bring the price of home heating oil down.

**Mr. Foulds:** Okay. I'd like to switch to another topic. I'm willing to wait if other people have questions specifically on gas and oil, but I'd like to get into another policy topic.

**Mr. Stokes:** I don't know whether Mr. Isbister, when he was compiling his report, saw what the policy was or analysed what the policy was of the major oil companies and their method of zoning certain areas for purposes of pricing, and whether or not he took the trouble to find out where the source of the raw material was.

It's my understanding that a lot of our gasoline comes from refineries at Sarnia—notwithstanding the fact that most of the crude comes from Alberta, goes down into the United States, some of it is taken off at Superior where there is major oil-refining capacity, and a good deal of the Canadian crude continues on from Emerson down through the United States and re-enters Canada and Ontario again at Sarnia. Then the refined gasoline is backhauled, sometimes by boat, sometimes by rail tankcar all the way back up another 1,000 miles back to satisfy the northwestern Ontario market. Some of that gasoline is refined in refineries in Alberta and shipped directly into northwestern Ontario.

What portion of the amount of gasoline consumed in northwestern Ontario comes direct from Alberta refineries as opposed to that long trip down through the United States to Sarnia where it's refined and then backhauled into Thunder Bay?

**Hon. J. A. Taylor:** Maybe Mr. Pinnington could give you figures on that, because I

you're talking gasoline, some comes through Winnipeg, as you know, to service northwestern Ontario. I'm not sure, in terms of the refining capacity. Just in general terms though, right now there's a lot of refining capacity in this province and—

**Mr. Stokes:** The excess of which is going down into the United States at bargain basement prices, to the detriment of users in Ontario just so they can dispose of the excess that they can't store.

[4:00]

**Hon. J. A. Taylor:** I wouldn't agree with that.

**Mr. Stokes:** I've been told that that is in fact the case. We have an excess production of gasoline in refineries in the province of Ontario that is being shipped in large quantities down into the United States at a much cheaper price than we pay here for stuff that's refined right in the province of Ontario.

**Hon. J. A. Taylor:** I would say that we have probably a surplus of gasoline in terms of what's required to meet domestic needs, but I don't agree that it's—

**Mr. Stokes:** If the free market system has any efficacy, why shouldn't the prices of gasoline be coming down in the province of Ontario in a period when we have an excess, instead of shipping it to foreign markets for their benefit?

**Hon. J. A. Taylor:** As I say, I disagree with you, and maybe we can get some figures on this too in terms of the export. In other words, you're assuming that the gasoline is being dumped in the United States at a lesser cost or lesser sale price.

**Mr. Stokes:** Did Mr. Isbister look into that specifically?

**Hon. J. A. Taylor:** Before I get into that, I think the competition in gasoline, because of the quantities of gasoline on the market, has had an effect in terms of gasoline prices.

**Mr. Stokes:** Not where I live.

**Hon. J. A. Taylor:** Do you have anything that you could add to that, Mr. Pinnington?

**Mr. Pinnington:** There was a series of questions there. We can maybe back up and answer some of them.

Ontario's crude oil finished petroleum products consumption is in the order of 560,000 barrels a day. You mentioned the northwestern Ontario area. Generally speaking, for distribution purposes, the line is from Sioux Lookout to Atikokan. Everything west of that is supplied in general from the prairie-province refineries—not necessarily Alberta; some from the Winnipeg area.

About 15,000 barrels a day traverse that line into northwestern Ontario. So about 15,000 out of 560,000 barrels a day actually comes to that area west of a line from Sioux to Atikokan.

You were quite correct in your assessment of the movement of products from Sarnia by marine, principally to a series of bulk plants, all up the coast—Thunder Bay and the Sioux, Britt, Little Current and Spanish. There is a series of these plants along the coast and they are fed principally by marine from the Sarnia complexes. There is some product also moved by rail tankcar and tank trucks, either direct from Sarnia or again by truck or rail tankcar from those interim points along the coast.

With respect to the price of motor gasoline sold in the United States, any time a product moves across the international border, you must have National Energy Board approval on that movement. You must prove to the board that the product is in excess of demands of the area that it's being shipped from and you also must prove that the selling price is—I've forgotten the exact term that's used, but the selling price must in fact not be a detriment to the marketplace from which it's moving.

**Mr. Stokes:** Seriously, would you question that the price of gasoline in Canada is favourable in comparison to the price of gasoline in the United States?

**Mr. Pinnington:** We've conducted a number of analyses of this and you'll find that the difference when you calculate it out is in the order of 10 cents per gallon, which is the difference in federal tax and accounts for the difference. If you were to take the 10 cents per gallon federal excise tax off the price of gasoline and equate the differential between the US gallon and the Imperial or Canadian gallon, you would find that the prices are quite comparable.

**Mr. Stokes:** To say nothing of the 19 cents per gallon that this government levies on all gasoline sold in the province of Ontario for a total of 29 cents.

**Hon. J. A. Taylor:** Just a minute now. Incidentally, the figures I heard on that are within, say, an average of 12 cents. I'm talking about the American versus Canadian average.

**Mr. Stokes:** This gentleman has just suggested that the differential in the price of gasoline between the US and Canada is made up of a 10-cent federal excise tax on each gallon.

**Hon. J. A. Taylor:** I was saying that the figure I heard was in the average area of 12



cents differential of which 10 cents at least would be made up of the excise tax that was put on in 1975 by John Turner who was then federal Minister of Finance.

**Mr. Stokes:** Who put on the 19-cent Ontario Tax?

**Hon. J. A. Taylor:** That hasn't changed for years. You know, and I don't have to draw a diagram for you, that that's a provincial tax in terms of the 19 cents a gallon. That has not changed for a number of years.

**Mr. Stokes:** Why allude to the federal tax at all then?

**Hon. J. A. Taylor:** For the very simple reason that if you didn't have that imposition of the federal tax, an excise tax of 10 cents, then our prices would be competitive with US prices, adjusting of course for the difference in the size of the gallon.

**Mr. Stokes:** Or if you cut the provincial retail sales tax on a gallon just by half, it would take care of a good deal of the differential between northern and southern Ontario.

**Hon. J. A. Taylor:** Surely you shouldn't give the federal government a license to keep escalating our prices through excessive taxation by assuming that the province will reduce its taxes just to accommodate additional federal tax.

**Mr. Stokes:** You are saying the federal government shouldn't be given the right to do what John White attempted to do?

**Hon. J. A. Taylor:** No, it is a little different now. What the federal government did was to impose a 10 cent excise tax per gallon at the pump on in the 1975 budget for two reasons, as I explained earlier in the estimates. One was to effect conservation. In other words, if you pay more you will discourage people from using it. That hasn't really worked that way. The other was to create a fund to assist in the equalization payments for crude oil, that is, the domestic oil and the imported oil, to make up the differential. But that money really isn't necessary. Right across Canada, if you compare our 19 cents with the other provinces, there aren't many that are lower and there are a number that are higher than ours. We can give you those right across from east to west if you wish them.

**Mr. Stokes:** I believe it's less in Manitoba and Saskatchewan.

**Hon. J. A. Taylor:** I don't think so. I think they are equal. It strikes me they are around 21 cents.

**Mr. Stokes:** About 14 or 15.

**Hon. J. A. Taylor:** No, I think they are around 21 cents but we will get them for you here.

**Mr. Pinnington:** It is 18 cents in Manitoba

**Hon. J. A. Taylor:** What's Alberta's cost?

**Mr. Pinnington:** Ten cents.

**Hon. J. A. Taylor:** Maybe we could read them off for the member. We have then here. In British Columbia it is 17 cents Alberta, 10; Saskatchewan, 19; Manitoba 18; Ontario, 19; Quebec, 19; New Brunswick 20; Nova Scotia, 21; Prince Edward Island 21; and Newfoundland, 27 cents. So you can see you have got three of them lower than Ontario, British Columbia, Alberta and Manitoba.

**Mr. Stokes:** You are not leaders in that field.

**Hon. J. A. Taylor:** Not leaders but quite sensible when you look at it.

**Mr. Stokes:** Let me get back to something this gentleman said, pursuing what the pricing policies are for the major oil companies. You suggested everything west of a line run down between Sioux Lookout and Atikokan is served by refinery capacity in western Canada while anything east of that is serviced by refineries in southern Ontario. That being the case, and obviously for common-sense reasons the price of home heating oil and gasoline should be cheaper west of that line since it travels a much lesser distance, why would it account for the fact that Red Lake is west of Sioux Lookout and yet one of the highest prices in the province of Ontario is at Red Lake?

**Mr. Pinnington:** You have neglected the competitive environment again. It is true that the distribution costs would be different but again it's a matter of competition.

**Mr. Stokes:** I suspect there is more competition in Red Lake than there is in Sioux Lookout. You use the population figures. The population figures in the Red Lake area would be almost double those in Sioux Lookout.

**Hon. J. A. Taylor:** Look at the dealer markup. If you get the average dealer markup, say, of eight cents and then go to Red Lake and see it's 18 cents, that's a significant difference too.

**Mr. Foulds:** What you seem to be saying is that the retailers in that area are profiting more than retailers in other areas?

**Hon. J. A. Taylor:** I am saying yes, in terms of a per gallon markup; in terms of a sufficient markup to make a living, no. No doubt with four service stations they have



got to mark it up much more in order to keep their doors open.

**Mr. Stokes:** I realize that is a problem because I have gone out of my way to ask dealers in the city of Thunder Bay how much they take for pumping a gallon of gas. A good many of them take six cents a gallon—that is, their markup from the tank wagon price is six cents a gallon. I have a good many areas in my own riding, some of them much less than 100 miles away, which are charging a markup of 15 cents a gallon. That would take care of a nine-cent differential right there within 100 miles.

Let me give you a specific example of what I mean and wonder why. Mr. Isbister didn't get into the nitty-gritty of the distribution, the zoning and the mark-up. Let me take the price of a gallon of gasoline at Pass Lake, which is 24 miles east of the city of Thunder Bay in my colleague's riding, the Port Arthur riding. You can stop there and can get gasoline for 94 cents a gallon. You can go down to Schreiber and its costs you \$1.04 a gallon. Then you can go down to Marathon, which is one of the areas I spoke of. As a result of the marine transportation where they bring in the tankers, Shell Oil has tremendous storage capacity in Marathon. They fill those up and these Tri Macks are hauling night and day out of that storage capacity. It is a Shell Oil facility.

We have a Shell station in downtown Marathon. It's the only gasoline outlet in that town. You can get others out on the highway but in that town proper, which is four miles in off the highway, the fellow who is selling the Arrow gasoline in Pass Lake sells the gasoline cheaper than the Shell dealer can buy it for in Marathon. Yet all of this tremendous storage and distribution capacity is right on his doorstep. The boat comes in and they unload into this large series of tanks. One of the bulk trucks backs up to this tank, hauls it no more than a half a mile to the Shell station and the Shell dealer there pays more for it to the Shell Oil Company than Arrow is selling it for at Pass Lake. Explain that to me.

**Hon. J. A. Taylor:** I would have to determine what competition there was among refineries to start off with. I don't know what competition there is at that level.

**Mr. Stokes:** You know what the competition is. You know who refines the gasoline in the province of Ontario.

**Hon. J. A. Taylor:** Yes, but there is competition at that level. Do we have an explanation of that?

**Mr. Pinnington:** Do you recall what the price is in Marathon?

**Mr. Stokes:** The price in Marathon is about \$1 a gallon. It is more than that on the highway; it is about \$1.04 on the highway.

**Hon. J. A. Taylor:** The price in some small eastern Ontario communities is about that. I am not saying that is good.

**Mr. Stokes:** Is Cornwall east of the Borden line?

**Mr. Pinnington:** Cornwall is east of the Ottawa Valley line, yes.

**Mr. Stokes:** All right. Let's look into this a little deeper. We all know the federal government imposed a royalty of \$5 a barrel I believe it was on all exports of oil into the United States, supposedly to subsidize the cost of petroleum products east of the Borden line, which are subject to the inflationary costs imposed by the OPEC countries. Is that right so far?

**Mr. Pinnington:** The principle I think is correct. I would have to take exception to some of the numbers. That number varies with the price of Canadian crude and with the price at which oil is imported into this country.

**Mr. Stokes:** So all right. We collectively in Canada collect a royalty. Let's not quarrel with a few cents per barrel. But we collectively think it is socially and economically useful to impose a royalty on the export of petroleum products into the United States so that we can subsidize the cost of those products, purchased from another source, if they are directed to that area in eastern Canada.

**Mr. Pinnington:** To all of eastern Canada to equalize price with the exception of transport across the—

**Mr. Stokes:** To equalize price?

**Mr. Pinnington:** To equalize the price of crude oil with the exception of transport costs across the country.

**Mr. Stokes:** What are you people doing? Here we are in northern Ontario—and I am going to be as parochial as hell about this—supporting a federal government in its overall objective to equalize the cost of petroleum products—

**Mr. Pinnington:** No, no. To equalize the price of crude oil.

**Mr. Stokes:** Okay, the price of crude oil—the net effect of which is that they can buy gasoline in Cornwall for 10 to 12 cents a gallon cheaper than we can buy it in northern Ontario. Don't we count for anything?

**Hon. J. A. Taylor:** Let's check that and see.

**Mr. Stokes:** I checked it.

**Hon. J. A. Taylor:** We have the different communities there—

**Mr. Stokes:** Okay. What is the price of a gallon of gas in Cornwall?

**Mr. Pinnington:** I don't have a specific price for Cornwall. But I can give you an idea. I have Ottawa here. In Ottawa, the lowest price is 81.9 cents, as of July 6. What we refer to as the prevailing price or the general price is 84.9 cents. That same gallon of gasoline is also selling as high as 97.9 cents in the Ottawa area itself.

**Mr. Stokes:** Let's take a mean figure of about 88 cents.

**Mr. Pinnington:** Eighty-four-point-nine cents is the prevailing price and I would expect in the Cornwall area the price would be equal to or lower than that because it is a very competitive market in Cornwall.

**Mr. Stokes:** There is a discrepancy of 19 cents a gallon between the price of subsidized gasoline in Ottawa and what we are paying for it in northwestern Ontario.

**Mr. Pinnington:** I have to take exception to your continued use of the word "subsidized" when referring to products because it is the crude itself that is equalized. It starts at the same price in all the refineries with the exception of transport costs. But once those products are in the field, it becomes a competitive environment and the individual selling the gallon of product can get for it whatever the competitive environment will allow him.

**Mr. Stokes:** You always refer to the dealer markup. You always refer to the cost of transportation. I found it very strange that when you are comparing the cost of home heating oil, and I am talking about bulk a gallon, the differential between the city of Thunder Bay and Ottawa—and Armstrong and Sioux Lookout—was into a three-step range. Yet how often do you refer to the cost of transportation? It isn't reflected in the ultimate cost of home heating oil.

**Mr. Pinnington:** We are talking again about a competitive environment, and in the case of Thunder Bay as of June 13, the statistic I had here was a low price of 86.9 cents for regular gasoline, a prevailing price of 89.9 cents and a high price of 92.9 cents. So you have a spread there reflecting the competitiveness of that market. Toronto, for example, as of yesterday had a low of 76.9 cents; a prevailing price of 86.9 and a high

of 97.9. You can find within even a few blocks on Bay Street a differential in the order of 15 to 17 cents a gallon. So it is strictly a competitive environment.

**Mr. Stokes:** Why is it that the people in northern Ontario always get the short end of the stick?

**Some hon. members:** Oh, no.

**Mr. Stokes:** We do.

**Mr. Foulds:** Are you saying that we don't, in gasoline prices?

**Mr. Stokes:** We do.

**Mr. Pinnington:** If you do a statistical analysis of all the motor gasoline sold in northern Ontario—and this is north of the line along Highway 17—and down through Manitoulin Island—

**Mr. Stokes:** The French River.

**Mr. Pinnington:** That's right. If you take the total volume of that gasoline sold, and you net that back to the refining sources, and you relate that to an equivalent volume of gasoline sold at the competitive levels in Toronto—and everybody points to Toronto as being the ultra-competitive environment—calculations that we have made are that the refineries net back something in the order of \$1 million less on that volume sold in northern Ontario than they do equivalent volumes sold in Toronto.

**Mr. Stokes:** Can I get a commitment from you that you will sit down with your experts in the Ministry of Energy and make a comparative cost of refining a barrel of crude at Winnipeg and shipping that on to serve the needs of northwestern Ontario, as opposed to the cost of shipping it by pipeline all the way down through Emerson, coming out again at Sarnia, and backhauling that all the way up to this imaginary line that you have got between Sioux Lookout and Atikokan? Will you ask the major oil companies to give you a comparative cost analysis to see whether we are getting it in the neck because of their distribution policy?

**Mr. Pinnington:** I wouldn't want to be held to the exactness of these numbers—we could verify them—but I think the total cost of shipping a barrel of crude oil all the way from Alberta to the Sarnia refineries is in the order of 60 cents a barrel. A barrel is 35 gallons so you are talking about 1.07 cents a gallon in total transport costs to move that barrel from Alberta. For that same barrel, if you moved it from Alberta to Winnipeg, I am not sure what the number is but I would assume it is probably in the order of about 35 cents. So we are



talking something less than a cent to move the barrel through this circuitous route that you refer to through Emerson all the way down through the States.

**Mr. Stokes:** What about the backhaul all the way from Sarnia up to Sioux Lookout again?

**Mr. Pinnington:** By marine transport it is relatively inexpensive. I believe it is in the order of about 1.06 or 1.07 cents by marine to the Sault and just over two cents to Thunder Bay.

**Mr. Stokes:** What does it cost to ship it an additional 160 miles by tank car into Sioux Lookout?

**Mr. Pinnington:** Be careful, because we are talking about vessels of 60,000-barrel capacity as opposed to a tank truck carrying 10,000 gallons. So the economics are very substantially different between the two forms of transport.

**Mr. Stokes:** Will you do a cost analysis to see whether or not it would result in a considerable saving to the people of northwestern Ontario if they got their petroleum requirements by way of Winnipeg refineries rather than—

**Mr. Pinnington:** I think we have some of these distribution numbers if you are interested in pursuing this. One that we have discussed on a number of occasions is Red Lake. I can assure you that if there was a cheaper way of doing it the industry would find it, but the distribution costs on trucks from Winnipeg or St. Boniface, through to Red Lake, are eight and a half cents a gallon to transport that product.

**Mr. Stokes:** Eight and a half cents a gallon.

**Mr. Pinnington:** Yes. The alternative would likely be to ship it by marine to Thunder Bay and then negotiate the route from there on up. I'm quite sure it would be substantially in excess of eight and a half cents.

**Mr. Foulds:** What my colleague was suggesting is that you open up the rest of the northwestern Ontario market and supply it from Winnipeg.

**Mr. Pinnington:** The line I referred to earlier from the Sault to Atikokan is the line that roughly splits the Thunder Bay distribution region from the prairie-province distribution region. I assume the road structure and the various road transport fees relate to approximately that line.

**Mr. Stokes:** I want to get into two other related topics.

**Hon. J. A. Taylor:** Before you do, we've mentioned different ingredients in terms of prices for gasoline but there was a study that I commend to your reading. It was by the committee sponsored by the Canada West Foundation and it dealt with oil and gas pricing and mining as well. As I recollect, it indicated that on the average—this is from a very thorough study—up to 60 per cent of the price of a gallon of gas at the pump was government taxes and royalties or government take in one form or another. It's very interesting because we seem to forget this, except when it comes to Ontario sales tax.

If you want to see how that breaks down on a gallon of gasoline: federal sales tax—4.9 per cent; federal excise tax—10 cents; Ontario tax—19 cents; federal and provincial taxes and royalties on crude oil—17.5 cents—that would be from the oil producing provinces and the federal government. This gives a total of 51.4 cents. When you look at that, it very well could be an average of 60 per cent in some places. I think the comment was made that gasoline is now joining those exotic commodities of liquor and tobacco as being one of the most highly taxed commodities in the country.

I think a study of this shouldn't preclude a review of where the lion's share of the price of a gallon of gasoline is going. This takes us back into what we were discussing last week, in terms of the overall artificial escalation of the price of gas and oil. But I thought that that might be of some interest too. We attack the dealer—I hope not viciously—but we should try to appreciate the problems of a dealer to keep open and the high markup in some areas because of volume. We talk about transportation costs and we talk about refinery costs, but I'm just saying there are other even more significant costs involved in the price of a gallon of gasoline.

**Mr. Stokes:** I am from a railroad background so I made it my business to find out how much it costs to ship a gallon of liquid petroleum products from Thunder Bay to Schreiber and Terrace Bay—130 or 140 miles. It was 1.5 cents per gallon for that 130- to 140-mile journey. That's why I question seriously the figure that this chap gave, saying that you could attribute eight or eight and a half cents a gallon to the cost of shipping. That is why you can't accept at face value that it costs eight and a half cents to ship a certain amount of product a certain distance.

[4.30]



When you get into the tariff structure, whether it be by road transport or rail or boat, I am told there are only about 14 people in Canada who adequately understand the tariff structure that they work on for the major carriers. I don't know. I know what it costs, as I say, to ship a gallon of petroleum product from Thunder Bay to Schreiber and Terrace Bay—

**Mr. Pinnington:** Could I ask you what size that tankcar was?

**Mr. Stokes:** It was about 10,000 gallons.

**Mr. Pinnington:** And were they able to move that tank car directly to the service station?

**Mr. Stokes:** They were able to do it to the bulk station.

**Mr. Pinnington:** So it would be subject to the bulk terminaling, and the costs of bulk terminaling, depending on the size of the terminal, can be as high as three or four cents. Then it would have to be trucked from the terminal to the service station. So I think it would be important to use comparable numbers.

**Mr. Stokes:** I think that's your responsibility to do that. When I checked a 70,000-pound shipment of plywood and lumber from a wood producing facility in Longlac to the city of Thunder Bay, which is 200 miles, you could ship the same minimum load of 70,000 pounds all the way from Longlac down to Toronto and the price differential was two cents per hundred-weight. This is because they have these agreed tariffs, captive shippers, all of this. I think that since transportation seems to be such a significant component of the ultimate cost, this is one way in which you could provide a service to the people of the north—to make them justify those transportation costs.

Let me give you a perfect example. It might have sounded funny when I asked for the costs of a gallon of gasoline at Mud River, but you gave me the cost of home heating oil in Armstrong. Have you got the cost of a gallon of gasoline in Armstrong?

**Mr. Pinnington:** I do not have that number with me but I can certainly provide it.

**Mr. Stokes:** I have it. And you have to ship it by barrel. Mud River is a small community 20 miles east of Armstrong along the main line of the Canadian National Railways. People there have need for gasoline. They order, from Esso in Armstrong, a 45-gallon drum of gasoline for which they pay \$47 for a 45-gallon drum. They have to pay \$12 for the drum and they pay \$30 for the freight—

that distance of 20 miles from Armstrong to Mud River. The cost of a 45-gallon drum of gasoline landed in Mud River is \$88. That's pretty near \$2 a gallon.

**Hon. J. A. Taylor:** Including the price of the barrel?

**Mr. Stokes:** Yes. And if they say they want a refund, they put it up and they ship it all the way back 20 miles to Armstrong, and the freight charges would be more than the drum was worth. That's why, wherever you go in the north you'll see tens of thousands of drums, just because of our inability to distribute this bulk product in a realistic way.

I'm not here to be melodramatic, but if you are living in Mud River or if you are living in Ferland or if you are living in Collins or if you are living in Allan Water that's where life is at for a good many people in the north. The minister facetiously said "One family moved out and reduced the population 50 per cent." That's not where it's at. We have to have people living along the north line of the Canadian National Railways.

Who the hell do you think maintains the track—so that you can get out on a trip to the west coast, or if you want cheap plywood, cheap lumber, coming from northern Ontario down here to feed this hungry industrial complex? Just thank your lucky stars that you've got a few people living in Mud River or in Ferland and these places that are maintaining that track to keep the lines of communication and transportation open.

It's all right to say they chose to live there, but I can tell you that Canadian National Railways is having extreme difficulty in recruiting people to keep the lines of communication open. We depend upon a good communication system and a good transportation system just to keep this nation going. We live in a very small, narrow band following the two major railroads and the one major transcontinental highway. Those things aren't maintained just by accident. It's because we do have people that are willing to settle in those small little hamlets that makes it possible for Canada to operate, in effect.

**Hon. J. A. Taylor:** I appreciate that, Jack, and I must confess it's been some years since I've been through those communities—

**Mr. Stokes:** Let me take you on a trip.

**Hon. J. A. Taylor:** I spent time in places like Armstrong and worked out of communities like that. But of course the systems change, and how they do things—including maintaining their tracks—seems to change

over the years. I'm not suggesting we're not fortunate that we have people with the disposition that permits them to adjust to more remote communities. I think some of them really enjoy those types of communities.

**Mr. Stokes:** It's all right to wring our hands and everything else but the thing is where it is at with those people. If we're going to maintain our ability to keep those people who perform a very useful function, words are not enough.

**Hon. J. A. Taylor:** I appreciate that. But what I'm saying is that you can't adjust the market system to accommodate every difference of every community. No doubt there have to be compensations, but I don't think the answer is to set a uniform price—to fix prices and eliminate the competitive factors in small communities throughout Ontario. I think adjustments are being made but I think they are being made in different ways. Whether that's in wages, whether that's in some of the initiatives—for example in terms of a suggested licence fee for automobiles—or some other way. But I don't think there is any simplistic solution to your argument that prices are higher in certain small and more remote communities and therefore should be brought into line with prices in larger communities. I think it's an Ontario problem. I don't think it's a problem that's confined to northern Ontario or northwestern Ontario.

**Mr. Stokes:** It's much more acute. Could you name me any place south of the French River where they are paying \$2 a gallon for gasoline? Now where? That's right on the main line of the Canadian National Railways.

**Mr. Havrot:** How many people does that involve—paying \$2 a gallon?

**Mr. Stokes:** Does it really matter?

**Mr. Havrot:** Certainly it matters. Up in Moosonee you pay that too for it—and up on James Bay and Hudson Bay you'll pay that too. If you go far enough into the wilderness you have to pay for it. It's only common sense.

**Mr. Foulds:** Does that make it a good thing?

**Mr. Havrot:** Use your head.

**Mr. Stokes:** Are you suggesting we can justify a discrepancy of over \$1 a gallon between northern and southern Ontario?

**Mr. Havrot:** It depends on the number of people.

**Mr. Stokes:** Why?

**Mr. Havrot:** The people up there who are getting paid \$2 a gallon.

**Mr. Reed:** On a point of order, Mr. Chairman, the nature of this debate is obviously beginning to degenerate. At this point I'd like to suggest to you that on the last two votes we have spent a total of about six hours on each vote. We have about three hours left to go and we've got three more votes to go after this one.

For my own part I passed on energy policy, vote 1902, deliberately to try to save some time and it was obviously ridiculous to try it. But I would point out that there's at least one more section here that certainly I would like to speak on before the next three hours have elapsed.

**Mr. Stokes:** All right, I just want to make one final comment. Obviously I haven't persuaded the minister that he should do anything about it. I want to get into—

**Hon. J. A. Taylor:** Excuse me, Jack, it's not a question of not understanding and appreciating and wanting to do what we can for people, but when you get into tariffs and transportation costs you're into other jurisdictions.

**Mr. Stokes:** Agreed.

**Hon. J. A. Taylor:** If it's pipeline transportation you're maybe in the National Energy Board.

**Mr. Stokes:** That's why we have the resources policy field.

**Hon. J. A. Taylor:** I'm not trying to abdicate provincial responsibility, but what I'm saying is that there is federal responsibility in these areas. There is no simplistic solution to the federal problem that you have engaged here.

**Mr. Stokes:** Okay, in the interest of expediting the balance of these votes, I just want to refer briefly to Short Circuit—hydro news compiled by Hydro communication services. It's a weekly digest of newspaper coverage. It's on another form of energy and says:

"As late as June 3, 1977, the main obstacle to development of wind generators to produce electricity is the negative bias of Ontario Hydro planners. The son of one of the utilities senior planners, Nicholas Teakman, whose father Henry is special projects co-ordinator in the Hydro's planning division, said the utility is ignoring its own statistics which indicate that the wind over Ontario's agricultural land produces at least 10 times the energy required for rural electrical demands."

Are there such statistics that will prove that? If so why are you being so niggardly in the amount of dollars that you're allocating



towards research into a renewable form of energy?

**Hon. J. A. Taylor:** I find it flattering to be accused of having a niggardly budget in estimates. But that's one man's opinion. We have Dr. Roger Higgin, who last day was dealing on matters such as—

**Mr. Stokes:** He's not with Ontario Hydro.

**Hon. J. A. Taylor:** Oh no, he's with the Ministry of Energy. But the people from Ontario Hydro were here—the chairman released them because we dealt with Hydro matters under the first vote. Dr. Higgin, do you have some comment on that, the wind generator?

**Dr. Higgin:** The only report that I am aware of that Ontario Hydro is party to which makes some assessment of wind power potential, is the report that we did jointly. This is this wind power report, which I'm sure Mr. Stokes has read. There's no other material as far as I'm aware in Ontario Hydro. The main part of this report was a survey of the availability of wind in Ontario.

The only comment I have is that he's probably very correct in terms of the potential of the resource and also probably correct that technically you could harness it. He, of course, has completely ignored any economic argument in his statement.

The report shows very clearly that for rural electrification the current cost of wind power, from commercially purchased equipment and the winds that we have in Ontario, is too high to be competitive and the people, at least in most of Ontario where power is available from the grid, are better off economically with the grid. In terms of remote areas, as you know, the report does point out that if alternative power costs get high enough then wind power could play a role. So I think the key is that he's completely ignored the economic argument in making his statements. That's all I could say.

**Mr. Stokes:** The argument is certainly valid in terms of fuel oil, which is the only means of generation in many areas of the north; at between \$2.50 and \$3 a gallon the economics are there.

**Dr. Higgin:** Yes, certainly.

[4:45]

**Mr. Foulds:** Mr. Chairman, I did say I have one other item I wanted to deal with briefly. I just wondered if the minister could give us an indication of the ministry's policy with regard to the development of coal-fired generating stations and adopting some new technology. I believe the plant will shortly be available. I know of research

that has come to our attention indicating that coal-fired generating stations could be source of some mercury contamination in northern Ontario.

**Hon. J. A. Taylor:** First of all, on different fuels for electric generation, the policy certainly has been to maintain a mix. As you know, at Atikokan, Marmion Lake, there will be a coal-fired station. I think there are good reasons for that.

But what I think you are getting at whether or not sufficient technical information is available to indicate whether or not that type of generating plant may be more hazardous to public health than some other means of generation.

**Mr. Foulds:** Yes, right.

**Hon. J. A. Taylor:** It is unfortunate that we—at least the chairman, I don't want to take responsibility for this, released the Hydro people and, as you know, that was under the previous vote. But we could certainly pursue that for you.

**Mr. Foulds:** I'd appreciate that.

**Hon. J. A. Taylor:** I think you are concerned about the emissions and—

**Mr. Foulds:** That is right. What I am wondering about, Mr. Minister, in particular if you are taking a look, is the possibility—whether there's time I'm not sure—of adapting those coal-fired plants that are now under consideration to the technology that is being developed at the University of Tennessee Space Institute. Evidently they have developed a methodology of using coal-fired plants that can operate on high sulphur coal without having the kind of emission that we have had traditionally in coal-fired plants.

**Hon. J. A. Taylor:** You're saying that this would go further. In other words, what you're saying is that Hydro could use high sulphur coal—

**Mr. Foulds:** They could scrub out most of the emissions.

**Hon. J. A. Taylor:** —and presumably buying cheaper coal even and still be environmentally safe?

**Mr. Foulds:** Yes, the process should be available commercially by 1985 or 1990 according to one of the press releases out of Ontario Hydro itself.

**Hon. J. A. Taylor:** That is certainly an area that I would be happy to pursue with Hydro on your behalf to see that they are current in terms of that technology. I would surmise with the expertise in Hydro that they should be, because if there is an or



ganization that has a tremendous source of technology, it is certainly Hydro. But I'll be happy to pursue that.

**Mr. Foulds:** Yes, could you keep me in touch with that with correspondence as the information comes out?

**Hon. J. A. Taylor:** Yes, we will be happy to do that.

Vote 1902 agreed to.

On vote 1903, regulatory affairs program:

**Mr. Chairman:** I have no other speakers, so please indicate if you wish to speak.

**Mr. Reed:** Thank you, Mr. Chairman. This is very brief in the interests of trying to get through these estimates.

I would just like to ask about indigenous gas in Ontario. Are we now able to sell indigenous gas directly to the consumer, or are we obliged to utilize one of the semi-monopolies as a carrier for that gas at the present time?

**Hon. J. A. Taylor:** There are a number of franchised distributors. The gas we have in Ontario probably doesn't supply more than one per cent of our needs.

As to who purchases that gas, we can give you some information on that, I'm sure.

**Mr. Reed:** To put it even more simply: If I go out and drill a gas well when the House recesses this summer and I strike gas and form a company to sell that gas, can I sell it directly to the consumer or am I obliged to sell it through one of the semi-monopolies that exist?

**Hon. J. A. Taylor:** You would certainly have to make an application to the Ontario Energy Board defining the market you intend to accommodate and, of course, the price structure would be regulated by the Ontario Energy Board. If you're suggesting forming a fresh company, I don't know what the answer would be.

**Mr. Reed:** The reason I asked is that there was a case brought to my attention just over a year ago of a private gas supplier who had some difficulty in establishing that he could actually sell direct to the end user. I'm just asking if you can make a black and white statement to the effect that it's all right for the producer of the gas to sell it direct to the end user.

**Hon. J. A. Taylor:** We have here the chairman of the Ontario Energy Board, Mr. Jackson, and you may wish to put this type of question to him, to find out whether it is possible in the permit for someone to retail natural gas in Ontario—whether you have one company to explore and prove your well and

another distribution company. I don't know what work would be required to incorporate the company.

**Mr. Reed:** That's not the problem of government, that's the problem of the people at hand. Is there anything which prohibits a distributor from forming a distribution company to distribute its own product, or is it still subject to a price negotiated between one of the existing monopolies and the producer?

**Hon. J. A. Taylor:** Maybe Mr. Jackson could give a more satisfactory answer to this question of an application to retail natural gas from a new source to a particular market in Ontario.

**Mr. Reed:** Let me try again, by way of explanation, Mr. Jackson. Let's assume that I am a gas producer in Ontario; and let's also assume that I have some existing wells. But I'm not satisfied with the price that's being paid to me by a gas distributor and I can make a better deal by going direct, a better deal for the end user and a better deal for myself. Is there anything to inhibit or prohibit me from performing that function at the present time?

**Mr. Jackson:** Yes, there is, sir. I think the minister mentioned the main thing. Under The Municipal Franchises Act, you cannot distribute in a municipality without a franchise. The terms and conditions of the franchise must be approved by the Ontario Energy Board but the franchise is granted by the municipality.

**Mr. Reed:** Would you approve that if it was applied for?

**Mr. Jackson:** Almost all the populated municipalities in the province have granted franchises, so that the person who wished to obtain a second franchise would first have to persuade the municipality that it's all right for them to have a second franchise. The board has a rather limited field of jurisdiction. We have to approve the terms and conditions that are granted but it's the municipality which grants it. Then, after the producer has obtained a franchise from the municipality, he must, again under The Municipal Franchises Act, apply to our board for a certificate of public convenience and necessity. We are bound to hold a hearing before we make an order; we would be bound to hear any company that was already franchised.

There are very few situations of the kind that you mention. One that was dealt with by the board is one we'd rather not think about: Farmers' Gas south of Windsor. At the time they came to the board, Union Gas held a franchise in the whole municipality. Farmers' Gas wanted to have a franchise, for part of it. We received what seemed to be quite reliable

evidence that they had a satisfactory gas well; a very reputable geologist gave us that evidence; we acted on it and granted the franchise. In the event, the gas well petered out and Farmers' Gas also petered out.

There's practically no other instance that I can think of, but what I'm saying is that the producer certainly has some obstacles in his way.

**Mr. Reed:** In other words, if I drill a gas well and you have a factory down the road a mile or two, I cannot now simply go to you and say, "Let's make a deal"?

**Mr. Jackson:** That's quite right. In fact, there's a leading case in the Supreme Court of Canada saying just that.

**Mr. Reed:** Thank you very much. I appreciate that information.

I wonder, Mr. Minister, in the interests of that, if your ministry might look very seriously at the legislation as it applies to indigenous gas producers in order to encourage them, perhaps, to go through some of those technical processes—I think they're called fracturing, or one thing or another—in order to make more indigenous gas available. In terms of the overall volume, it is insignificant; but for those people who are directly involved, it's an important thing. Also, it could be important to the purchaser of the gas and important with regard to the ultimate economies derived from it.

**Hon. J. A. Taylor:** If you're suggesting we should do everything possible to persuade or provide additional incentive to people to explore and develop additional gas reserves, then, I think, that's certainly commendable. Again, I gather you're speaking not in terms of the total Ontario consumption or of a large percentage but, nevertheless, it all helps. I don't find it offensive to keep under review our existing legislation or provisions that may be counter-productive, if that's how they turn out. And the inference is that they may be, in some cases. Am I correct in that?

**Mr. Reed:** Yes, quite so, especially when you have the very small producer related to the very large distributor. He seems to be in a position, at the present time, to have to deal with the only game in town the large distributor. In one case that was brought to my attention, in order to make the well and the fracturing techniques and so on viable, the option was simply to contract the gas directly rather than through a distributor. The distributor had offered a price that was just too low for the operator to carry on. Yet he could get more by selling it directly.

That's really what I'm getting at, where the business of scale enter into it.

[5:00]

Of course the same kind of regulatory body applies to the little guy as it does to the big guy, but the little fellow sometime can find himself up against the same kind of legal costs and the same kind of processes he must go through, compared to the big person. I think in the end, in some cases, this does tend to inhibit exploration and development of what gas we do have that is indigenous.

**Hon. J. A. Taylor:** That may be a problem that's developed in many areas, whether you're in hard-rock mining or whether you're in the gas or petroleum industry, or even in terms of developing reserves, say, of heavy oils or tar sands. It's really the capital cost that are becoming ever more enormous to develop those; the small entrepreneur or prospector just doesn't have the capability to compete.

**Mr. Reed:** I understand that. I'm really referring now to the business of the inhibiting factors, and the fact that his legal procedure and so on is just as involved, and just as complicated as for the very large operator. If we can somehow simplify those processes in these small cases, it would provide some encouragement in southwestern Ontario.

**Hon. J. A. Taylor:** There is some consideration being given to the smaller operator if I'm not mistaken, in terms of the accounting and reporting practices. I think that relates more to the securities commission aspect of it.

**Mr. Reed:** You're talking about raising capital funding. I really didn't want to get into that.

**Hon. J. A. Taylor:** The reason I mentioned it—not to get into it, because it's not in this estimate—is to say that here is a conscience, in terms of universality, and how that may work a hardship on a small businessman as compared to a giant corporation.

**Mr. Reed:** The next case I have I'll come to you with directly.

The other question I had under this vote was the government's present position on the now thorny subject of rate basing. I wonder if you'd be kind enough to give us as clear a picture as possible of just where you stand regarding a bill that was brought before the House but was allowed to die on the order paper and was not revived. It may not be just the easiest thing in the world to deal with here. I think it was called Bill 109.



**Hon. J. A. Taylor:** Yes, I met with you on this, if I'm not mistaken. That came up briefly shortly after my entering the ministry.

**Mr. Reed:** We did exchange a sentence on it; that's right.

**Hon. J. A. Taylor:** The exchange isn't going to extend very much beyond that sentence or two on the question that came up in the House. All I can do is to express my initial concern. I must confess in terms of pursuing the matter in great depth, with all of its ramifications and implications, I don't profess to be an expert. One of the obvious concerns that confronted me was the fact that whatever venturing takes place in terms of investment, say in transportation systems or other capital investments, could very well be reflected in the cost to the consumer of the commodity, if it's natural gas. For that reason, I wasn't anxious to re-introduce Bill 109, at least in the form it was.

**Mr. Reed:** In other words, you as minister then, I would take it, because of those concerns which you have expressed and which are very valid concerns, have really taken a much different position on the subject of rate basing to that of your predecessors.

**Hon. J. A. Taylor:** I don't know just what were the views of my predecessors.

**Mr. Reed:** They were expressed through Bill 109.

**Hon. J. A. Taylor:** That's true, but that was a government bill and I should think that would reflect a government view at that time.

**Mr. Reed:** You wouldn't intimate that the former minister might not necessarily agree with that?

**Hon. J. A. Taylor:** I don't know. As I say, what I'm saying is that a government bill would reflect the posture of the government at the time of introduction of that bill. I'm not sure what thinking, pro and con, my predecessor might have had. I'm sure he probably isn't aware of what thinking I may have in connection with re-introduction of a bill such as that.

What I'm saying is that it hasn't struck me as a matter of immediate priority that would prompt me to re-introduce it at this time. I'm not suggesting it may not have a lot of merit.

**Mr. Reed:** No, I'm not out pumping for it either.

**Hon. J. A. Taylor:** I thought maybe you were, because there were members of your caucus, I gather, who were interested in it.

**Mr. Reed:** I really can't speak for other members of my caucus, but we were certainly lobbied about it. That's why I'm really

interested now that you've taken what appears to be a completely opposite point of view—not that that's wrong, I'm not saying that—

**Hon. J. A. Taylor:** I'm not being defensive about it. I'm just indicating the free-thinking spirit, not only of the minister but the government.

**Mr. Reed:** I'm only trying to get at who runs the ministry and so on.

**Hon. J. A. Taylor:** I shouldn't think that would be a subject of debate here.

**Mr. Reed:** You're suggesting that Mr. Timbrell might not really have agreed with Bill 109, and I find that one a little hard to swallow.

**Hon. J. A. Taylor:** No, what I was pointing out is that bills follow a certain course. I may, for example, as minister, promote a particular piece of legislation that may not necessarily come out at the other end precisely in the way I had suggested it come, that is when it comes out through cabinet and caucus.

**Mr. Reed:** Something like feed going through a goose.

**Hon. J. A. Taylor:** Sometimes changes take place. That's all I meant by that. I wasn't suggesting it was initiated by some other minister from some other place.

**Mr. Reed:** So at this juncture you've changed your mind.

**Hon. J. A. Taylor:** I haven't changed my mind.

**Mr. Reed:** Or the ministry has changed its mind.

**Hon. J. A. Taylor:** It was brought to my attention, and my reaction was that it wasn't a matter of great urgency at this time. I have just deferred any action on that. It's something I have done and I'll take responsibility for that. We're not saying that's engraved in stone. After I've been informed as well as some of you, I may have a different opinion, in the meantime I want to be convinced.

**Mr. Stokes:** I have one brief thing on this. Is this a proper place to bring up the pricing of propane?

**Hon. J. A. Taylor:** My gosh Mr. Chairman, I think there's a ruling here for you.

**Mr. Stokes:** I'm going to bring it up anyway, it's just a very short-question.

**Mr. Chairman:** We are flexible.

**Hon. J. A. Taylor:** I'm sure it wouldn't be under this vote.

**Mr. Stokes:** It's gas anyway. If you can't bring it up here, you can't bring it up any place.



**Hon. J. A. Taylor:** I will bow to your superiority in that area.

**Mr. Stokes:** A situation arose where I had three customers living in one location to which the same tank truck would come and deliver propane. One price was 34 cents, another was 68 cents and another was \$1.08. It all came out of the same truck, but it depended on the end use as to the price they would charge for that particular product.

What's the rationale behind that, because it seems to me that it doesn't cost any more to sell a gallon of propane if it is going to be used for heating than it does if that same gallon is going to be used for cooking or if that same gallon is going to be used for the heating of hot water? I wrote to the Ministry of Consumer and Commercial Relations about it. They said they had investigated and everything was in order; it was quite appropriate for them to charge different prices for the same product on the basis of the end use. That's a concept that is completely foreign and alien to me. Can somebody explain it to me?

**Hon. J. A. Taylor:** If there is an answer, maybe Mr. Clendining can answer that. It strikes me that there is a principle here of using a bobby pin or chewing gum for some purpose other than it was originally intended for.

**Mr. Stokes:** If you walk into a notions counter of a department store and say, "I want a bobby pin," they don't say, "What are you going to use it for?"

**Hon. J. A. Taylor:** I understand the uses are infinite. So what you are talking about is having to supervise the use of the commodity to ensure that it is appropriately priced.

**Mr. Clendining:** do you have any light to throw on that particular problem? In other words, if the propane man comes around and fills my tank and I use that for cooking food it is one price, and if I use it to heat water or to heat my house, then there is another price.

**Mr. Clendining:** Mr. Minister, I regret taking the time of the committee to come up to say just very simply, no, I don't.

**Hon. J. A. Taylor:** But you say it well.

**Mr. Clendining:** I am aware of there being different prices for different volumes, which is another issue, but based on end use from the same supplier, I am not familiar with the situation.

**Mr. Stokes:** Well, I don't want to spend a lot of time on it. Would you look into it and see just how that can be justified?

**Mr. Clendining:** I would be happy to.

**Hon. J. A. Taylor:** Maybe you could give me the correspondence you have had with my colleague in cabinet, Mr. Handleman.

**Mr. Stokes:** I will.

**Mr. Pope:** I have just two questions. Would the chairman of the Ontario Energy Board be prepared to recommend a change in the procedures to provide for written interrogatories and pre-hearing conferences in applications before the board?

**Mr. Jackson:** You are describing what has become a fairly regular practice with the Ontario Energy Board. We are now entering into a hearing on Ontario Hydro's proposed bulk power rates for 1978, which starts on Thursday morning. We had a pre-hearing conference on June 27; we have issued some 40 questions in the form of interrogatories at this point. Our practice about pre-hearing conferences is in the course of development. We don't have them as a matter of course; they have yet to be fully proved with us. We do have them wherever we think they will assist in defining issues and informing people about procedures, so as to facilitate the hearing.

So far as interrogatories are concerned and the filing of written evidence in advance, this is almost a regular practice with the Ontario Energy Board now. It is a practice that has developed only over the recent period of a few years, but it is practically a regular practice.

[5:15]

**Mr. Pope:** When would it not be a regular occurrence? Does Ontario Hydro, for instance, answer written interrogatories of interveners?

**Mr. Jackson:** Yes, in the case of the board's own interrogatories, which are based on studies by our own staff and consultants, Hydro certainly can say they can't do it, or it is confidential, and it comes back to us. Our practice with interveners is to let them frame the questions without approval from the board, so that there may be an issue between the interveners and Hydro that is irrelevant, it is confidential, it can't be done in the time given, or something like that; then the board has to make a ruling on it. But it is a fairly common practice now for interveners to be free to submit interrogatories. I am talking about our major cases, you understand.

**Mr. Pope:** I understand that. Would you consider penalizing applicants who do not reply to interrogatories or who do not attend pre-hearing conferences, by awarding costs

against them, if the material is proved to be relevant and not of a confidential nature at the hearing itself?

**Mr. Jackson:** I don't think we have had occasion to rule on that. As I say, the questions asked by interveners are not screened by the board in advance, as a rule. It is the right of the applicant, or Ontario Hydro in the case of an Ontario Hydro case, to come to the board and say that they don't want to answer for certain reasons and let the board rule on it. I can't think of an occasion where an applicant, or Hydro, has been so unreasonable that it ought to be penalized in the way you suggest. But the issue really hasn't come before us, that I can recall.

**Mr. Pope:** The point I am trying to make is that some concern has been expressed as to whether or not AMO or the organized municipalities, the informally organized municipalities who are intervening on a regular basis are going to be able to continue to pay for representation for the extensive periods of time that the applications have lasted over the past five or six years.

I am wondering if there is any indication, either from the board or from the ministry, that there is going to be some change where an applicant refuses to get involved in such pre-hearing conferences, or to reply to written interrogatories. Will the Ontario Energy Board get involved in a ruling as to whether or not the written interrogatories and pre-hearing conferences will take place and what subject matter is material?

**Hon. J. A. Taylor:** I presume you are concerned about the continuing cost of these applications and if they are to proceed on the basis that you have enunciated that there should be some financial assistance. Is that the point you are making?

**Mr. Pope:** Well, if there is no financial assistance, then I think there should be some penalty for an applicant who, through his actions, prolongs the hearing and therefore extends the cost to the interveners, particularly when there is shown to be some merit.

**Hon. J. A. Taylor:** Then, what you are suggesting is that it becomes a financial endurance test, so that the financially strong survive and use as a piece of strategy the prolongation of hearings.

**Mr. Pope:** I am not so sure; it may be a strategy but I have no evidence that it is a strategy and I don't want to impute motives to anybody. All I am saying is that the result of the situation is that it is becoming an endurance contest.

**Hon. J. A. Taylor:** And presumably then it works a hardship where it shouldn't.

**Mr. Pope:** Yes.

**Mr. Jackson:** I would just like to add that the Ontario Energy Board does not normally award costs to interveners for their interventions. There is one province in Canada, Alberta, which since 1922 has had such a practice. They have recently made a survey of Canada and the United States and found they are alone in Canada. After reviewing 26 jurisdictions in the United States from which they got replies there is one, Texas, that seems to do it in part. The rest do not.

In looking at whether they should continue the practice, Alberta found that the practice in Alberta has been for municipalities especially, and other interveners, to take an active part. They have always done so, with the result that the board itself does not have a staff and does not normally retain consultants and board counsel to take an active part in the proceedings.

Other boards, of which we are one, have found it necessary, in order to provide broadly for representation of the public interest, to have board counsel participating actively, with staff and consultants supporting him, to make sure the whole story does get before the board. The costs, the out-of-pocket expenses for that, are charged to the utilities and paid ultimately by the ratepayers. Our board has not followed a practice of never awarding costs; our practice, if you can put it into words, is only to award costs in extraordinary circumstances.

The northern municipalities take an active part in rate cases before the board involving Northern and Central Gas. In a recent case the board did find that the applicant had been wasting the time, not only of the board but of the interveners over periods of several days in certain instances. The board did on those occasions award costs to the interveners, which we charged up to the company. In charging them up to the company, the board found they couldn't be passed on to the ratepayers; they would have to be borne, in effect, by the shareholders.

**Mr. Pope:** Do you see your attitude toward awarding costs changing?

**Mr. Jackson:** I would say we have an open mind on it. Certainly interveners often assist. It's true we have our own counsel and experts. Intervenors assist particularly when they have their own direct interest to present to us. I am not saying the municipal participation is not helpful to us too, it is. We have to keep those things in mind. We have to keep in mind too the things Alberta had in mind when



they reviewed their own policy. Our hearings are expensive. They are expensive for interveners. One has to be fair to all.

Some of our very effective interventions have been by big industry which can afford to pay their own way. They are very prompt to say when some public interest group asks for costs: "We are not asking for costs, but if you award costs to anyone you should award them to everyone." So we have this question of expense to consider.

We also have to consider the expenses we feel we must incur on behalf of the public interest anyway. We have to consider there have been few jurisdictions which have moved toward making utilities in effect pay for the costs of objections to proposals they may have, regardless of the merits of their own proposals.

We are constantly reviewing this question. The northern municipalities have made it necessary for us to do so, if I may say so, and I think I can say we have an open mind. I would hesitate to say we are moving toward a more liberal attitude of awarding costs to interveners at the expense of the utilities.

Mr. Pope: I just have two questions. I want to know about the role of the Ontario Energy Board in applications before the National Energy Board and what kind of research it is involved in.

Hon. J. A. Taylor: I don't think there is any involvement. Correct me if I am wrong, Mr. Jackson.

Mr. Jackson: No, sir. We are not involved.

Hon. J. A. Taylor: The ministry is. I am involved, as minister, in the National Energy Board applications, which I referred to earlier. For those who may be interested in interventions, I can provide a list of those.

Mr. Pope: I want to know if the minister uses the Ontario Energy Board staff for its own research in preparation for National Energy Board hearings, or if it is a different staff.

Hon. J. A. Taylor: I will get some further information on this, but we do use our own ministry staff, and counsel are sometimes retained.

Mr. Pope: Okay, thank you, Mr. Chairman.

Mr. Chairman: Will vote 1903 carry? Carried.

Vote 1903 agreed to.

On vote 1904, energy supply program:

Mr. Chairman: We are now on vote 1904. Mr. Stokes.

Mr. Stokes: First of all I would like to thank the minister for making available to

me the chronology of what has taken place in the efforts of the Polar Gas consortium in trying to liaise with representatives of Treaty No. 9. We were both right; I said there hadn't been any meaningful dialogue, which tended to be the net effect of efforts—not to say that there weren't ample attempts.

Hon. J. A. Taylor: I hope you mean ample attempts on our part, as opposed to—

Mr. Stokes: Well, Polar Gas.

Hon. J. A. Taylor: Within the ministry we are very conscious of the need to communicate and I think Polar Gas is equally conscious, but it takes two to tango.

Mr. Stokes: There is a considerable increase in the amount allocated—from \$327,000 to \$5,365,000. I take it that figure is some kind of investment you have made in—

Hon. J. A. Taylor: Polar Gas.

Mr. Stokes: That's wholly and solely Polar Gas?

Hon. J. A. Taylor: And Syncrude.

Mr. Stokes: Syncrude was last year. How much of that \$5 million is going—

Hon. J. A. Taylor: It is not all paid out in one lump sum. It is drawn as required, so that if we have a commitment of, say, \$10 million or \$15 million—and it looks like a \$10 million commitment in Polar Gas—we would draw on that as required over the years; the same with Syncrude in which we have roughly a five per cent commitment, roughly \$100 million. We would draw down on our requirements over the year so that we wouldn't advance moneys that were surplus to the current cash-flow requirements.

Mr. Stokes: But there is a difference in the money you have invested in Syncrude as opposed to the money you have invested in Polar Gas?

Hon. J. A. Taylor: They are two different projects.

Mr. Stokes: Yes, but any amount you have spent to date on Polar Gas is on the feasibility study, as opposed to a direct financial involvement in Syncrude?

[5:30]

Hon. J. A. Taylor: You are right; with Syncrude it's an investment in plant. But with Polar Gas it is really research and technology. I'm not saying there won't be some long-term investment in that because there could be patent rights coming out of that technology.

Mr. Stokes: Yes, but you've invested or allocated just over \$10 million of your involvement in Polar Gas to date strictly on a feasibility study, yet the consortium is going



before the National Energy Board in September for approval in principle to build a pipeline. Wouldn't it be fair to say that you are much further advanced than the amount of moneys allocated here would lead one to believe; the feasibility study is not yet completed but here they are making application to construct the line?

**Hon. J. A. Taylor:** Well, the time-frame projects an application to the National Energy Board in late September, I believe; that would be at the earliest. The expectation was that Polar Gas would be in a position to complete its filing by that date because of the work that has been done.

**Mr. Stokes:** I'm just wondering, though, if there is sufficient information upon which the National Energy Board could make a realistic decision as to whether or not it was advisable to proceed with it, because given your inability to elicit some kind of a position from the Treaty No. 9 people, I am just wondering how realistic—well obviously, you are realistic in your application, but how is the National Energy Board going to react when you aren't even finished with the feasibility study?

**Hon. J. A. Taylor:** That observation, I think, is correct, in that no doubt there will be some deficiencies that will have to be met in terms of the application. For example, I don't know what the impact may be to a study north of the 50th parallel involving Mr. Justice Hartt. That type of study may have some application as well. So I am not suggesting the submission is going to be completed in all respects, but it is a matter of getting the process started. It may be there will be some parallel studies.

**Mr. Stokes:** No doubt you will be keeping the Legislature informed as to the progress of the study itself, as it affects people north of the 50th parallel.

**Hon. J. A. Taylor:** That certainly coincides with my open-door policy. I've always had a philosophy of openness and even-handedness, and you know that.

**Mr. Reed:** Mr. Stokes, you gave him the opportunity.

**Hon. J. A. Taylor:** Just to counter anything to the contrary.

**Mr. Stokes:** I hope you are more positive than you were with regard to doing something about the cost of gasoline in the north.

**Hon. J. A. Taylor:** You would have me personally subsidize the weak and the oppressed in some of these areas.

**Mr. Stokes:** That's one solution.

**Hon. J. A. Taylor:** You can go only so far, Jack.

**Mr. Stokes:** Your colleague the member for Timiskaming (Mr. Havrot) said we are talking about peanuts because there aren't too many people involved. That being the case, it shouldn't cost you too much to effect that subsidy.

**Hon. J. A. Taylor:** Well even my colleague from Timiskaming knows the difference between peanut oil and petroleum.

**Mr. Stokes:** The question that naturally follows from the expenditure of these funds: Since you've got \$100 million committed to Syncrude and between \$10 million and \$16 million committed to Polar Gas, what are you doing with regard to setting up some kind of vehicle whereby we could do our own exploration in that vast hinterland in the north that may prove to be productive? I can recall, even before I came down here 10 years ago, a former minister of mines said the potential for finding natural gas and oil in the far north was quite encouraging to say the least. Over the past four or five years we've had Aquitaine and yet another company exploring for gas and oil in Hudson Bay. What have you learned as a result of their activities? Is it encouraging to the extent that you may invest some of these dollars or additional dollars toward self-sufficiency in Ontario?

**Hon. J. A. Taylor:** That's an involved question, I will attempt to answer it.

First of all, you deal philosophically with direct government involvement in the exploration and development of the resources of the province, and presumably the country, because when we're dealing with the Arctic we are not dealing with Ontario alone, we are looking at the Baffin Island area where some of the discoveries are being made. I personally don't think that government need be or should be the substitute for the private sector in terms of its expertise.

**Mr. Stokes:** What's wrong with joint ventures? You are into them now.

**Hon. J. A. Taylor:** There is nothing wrong with joint ventures and we are involved in joint ventures. What I'm saying is you don't gain very much just by ownership of the exploration companies.

**Mr. Stokes:** I'm not talking about that at all.

**Hon. J. A. Taylor:** I won't get into Petrocan at this stage, because I made reference earlier in the estimates to the fact that buying Atlantic Richfield doesn't mean we are going to enhance our security of supply. I am not

saying there shouldn't be government initiatives, and you've mentioned the area of joint venture which is probably becoming more and more common.

**Mr. Stokes:** It's almost respectable these days.

**Hon. J. A. Taylor:** I don't think that is being criticized too much; it's pretty universal around the world, there is a lot of that going on for a number of reasons. Unless you wish to, I won't get into the pros and cons of that. What I'm saying in answer to your question is I don't think it's necessary for government to get involved and directly compete with the private sector in terms of investing hundreds of millions or more.

**Mr. Stokes:** You are trying to read something into my statement that wasn't there.

**Hon. J. A. Taylor:** I'm not trying to do that.

**Mr. Stokes:** I'm not here to engage you in a philosophical discussion. I don't think we should be in the business of buying back what we already own or spending a lot of money to prove we already own the resources. We, collectively, the people in the province of Ontario, own our natural resources, whether some care to admit it or not. All I'm asking about is if there is any potential. You people have been flying in the far north—in fact I have something here with regard to geological surveys; during the summer of 1975 the geological branch had 43 survey parties in the field on the Precambrian Shield; 24 field parties mapped 8,100 square miles; and other surveys included the assessment of fossil fuel potential.

This is the report that was just put on my desk today.

**Hon. J. A. Taylor:** It's Natural Resources probably.

**Mr. Stokes:** Yes.

**Hon. J. A. Taylor:** The petroleum resources branch of the Ministry of Natural Resources, which now encompasses the old Ministry of Mines, as you know—

**Mr. Stokes:** Yes, that's right.

**Hon. J. A. Taylor:** —is active in that. They have a great deal of input there.

**Mr. Stokes:** All I'm saying is since you've got well in excess of \$100 million of taxpayers' money invested in joint ventures elsewhere, other than this jurisdiction, what are you doing, on the basis of conventional wisdom now, as to the potential for fossil fuels in the province of Ontario? Is there any potential? If so, do you intend to get involved or provide incentives for develop-

ments? All I'm asking is a straightforward question.

**Hon. J. A. Taylor:** We certainly are interested in pursuing that area. I think you asked about potential in the north, presumably in connection with Polar Gas. Initially I think the proven reserves were estimated about a trillion cubic feet, which has been adjusted to the current more modest sum of about 1 trillion cubic feet. We think there is great potential there, sufficient potential to justify the pipeline and that application.

If you get into Ontario itself, we have been very interested in the James Bay lowland, particularly the Onakawana area with lignite coal. There'll be activity there this summer with the private sector as well as government. Government will be putting up something like \$75,000, I think, through Ontario Hydro.

When we get into the resources in the north, I would surmise that will be another area of concern to the Hartt commission, the impact on the geography and the physical and social environment there. We are anxious to pursue that.

**Mr. Stokes:** Is there potential?

**Hon. J. A. Taylor:** Potential? Yes, there is potential. I think what indicates the potential is that there are people who are prepared to spend money to prove that potential.

**Mr. Stokes:** What are they waiting for?

**Hon. J. A. Taylor:** Often the concern is the environmental concern and that is becoming more difficult as the years go by, not easier. As you perceive and experience the sometimes protracted hearings and assessments you can understand the concern whether it's in the forest industry or the mining industry. This is not just characteristic of Ontario. It is becoming increasingly difficult everywhere because of concerns other than the immediate employment concerns of developing the local area. I think it's a matter of getting a proper perspective and balance so that we come up with a sensible approach.

**Mr. Stokes:** So if there's any indication then, that there is significant potential in Ontario, you will be getting involved?

**Hon. J. A. Taylor:** Yes. I mentioned lignite coal and I mentioned Ontario Hydro is involved financially now; I think that expresses an interest.

In terms of oil and gas, we're not stating in terms of what the potential is in Ontario. In southwestern Ontario, there's still activity. Mr. Reed has mentioned an interest there,



some extent, and I think all the encouragement we can give is good.

[5:45]

If you look at the history of Ontario in terms of the development of our natural resources, say in the mining area, what was one time thought of as not having any potential at all—whether it was gold mining or copper or zinc or even nickel—it's amazing what historical perspective has proven. I think you still have to keep pursuing it, you have to have some optimism if you're going to spend money and pursue these areas.

But to be honest, we're not holding our breath to compete with Saudi Arabia in terms of an Ontario oil supply.

**Mr. Stokes:** I think we should when you see what the world price is going to.

**Hon. J. A. Taylor:** Don't hold your breath, Jack; you turn blue when that happens. You turn blue with cold, of course, too.

**Mr. Stokes:** That's all, Mr. Chairman.

**Mr. Reed:** Mr. Chairman, I'll try and wrap my part up very quickly.

I wonder, under the area of energy supply, if the ministry has considered one of the more plentiful natural resources we have available to us? It seems to be increasing every year, and in fact we have considered it to be a glut on the market until this particular time. We've done virtually nothing with it. It's proven to be an environmental problem in many areas, and yet I see nothing in the energy corporation devoted to exploration and development and expanding production capability. That is the whole business of garbage and sewage sludge.

We've got what has been considered, up until the present time, Mr. Minister, an increasing problem. I look upon it, however, as an increasing resource. The Ministry of the Environment looks upon it as a very serious problem. I'm just wondering whether now might be the very appropriate time to join forces, particularly with the Ministry of the Environment, in terms of the availability of money to tackle this problem with a view to its energy potential, to get some nuts and bolts technology in place and on the go here in Ontario.

**Hon. J. A. Taylor:** I certainly am sympathetic with your views in that regard. As you know, the government was too when it announced some time ago the Watts from Waste program. I'm sure there's been a great deal of research and consideration of this through the Ministry of the Environment.

I remember not too many years ago where one Tony O'Donohue, an engineer from the city of Toronto, came to work with the Ministry of the Environment, if I'm not mistaken. He had a particular interest in that area. We in the Ministry of Energy, again, are most concerned and anxious to work with the other ministries. We are doing that. There is an interministerial committee now dealing with that.

I'm hopeful, and sometimes express my impatience in terms of seeing some of these things built and in the field and operating. I've often said that if you don't do anything, then of course you'll never be wrong; but sometimes you have to be bold and take some initiative and spend some dollars and just see whether it'll work or not. If it doesn't work, okay, at least we've tried. We can be blamed for that, we can be condemned as experimenting with failure.

I really feel we have to get aggressive even more aggressive in terms of plants, maybe smaller plants to accommodate populations of say 100,000 people. We have figures on what would be an economically-sized plant if you're talking about reprocessing garbage or using garbage to create energy; and there are byproducts that could be worthwhile as well. When you combine your garbage, that is residential and commercial waste, along with your sludge, the combination could yield byproducts in the fertilizing area, a compost type of thing. You can generate steam and energy that could be used. So if you're suggesting this is something we should be pursuing more aggressively, I hope to see that and I'm very impatient and anxious to see something operating.

**Mr. Reed:** The reason I bring the subject up is that I've had some meetings with one of the gentlemen who is responsible for a publication that your ministry very kindly made available to him called "Methanol in Ontario." It was completed about two years or so ago and it did a kind of a cursory study of the potential for methanol in this province.

Since that time I've had the privilege of meeting and talking with Professor Donald MacKay of the University of Toronto. One of the things he expresses to me is his continuing concern that he really can't get into the physical operation of a methanol plant because there's nothing available for him to do it.

I don't know much about the technology of methanol, except that the product of pyrolysis is a producer gas which is the precursor of methanol manufacture. I also



know that the turning of garbage into methanol is a more highly efficient way to convert garbage than combustion and incineration. I also know that that makes a product which is storable and utilizable over a broader range of end uses and so on. It would seem to me the Ontario Energy Corporation, knowing that it's got a different kind of hole to drill in the ground here in terms of its capital investment—because we already know what we've got in terms of potential. The challenge is to learn to utilize it efficiently and turn out an end product that's cost-effective.

We're never going to get to that point if we sit around and talk about it. The cost of putting a pyrolysis plant on the tracks, with maybe a methanol adjunct to it, is significant, but it's small in terms of the ultimate potential for that energy. There are lots of things I can say about the utilization of garbage, but I just wondered whether now is the time. It's here today and it's increasing, the problem is increasing constantly. Let's go, let's put the old machine in gear and get something on the rods.

**Hon. J. A. Taylor:** I'm very happy to see you express and confirm something I too am anxious to see. As a matter of fact I've met with the committee. This committee isn't just a matter of making another report. It's made up of people from industry and from government, from the private sector—Dr. MacKay, as a matter of fact, is on that committee—it's a committee that is working toward the goal of a physical plant, utilizing now that it reports that it is viable.

**Mr. Reed:** Have you set a time-line? Have you got any kind of a—

**Hon. J. A. Taylor:** I expect the report will be in by this December or late fall. We've had a lot of preliminary works; you are familiar with the seminar we had initially?

**Mr. Reed:** I was there.

**Hon. J. A. Taylor:** So it's a matter now of getting on with the source of fuel, if I can put it that way. Whether it would be garbage—we're talking methanol now—whether it would be some type of waste product or wood cropping, hybrid poplars; these considerations are part of it.

**Mr. Reed:** Why don't you start with the obvious most cost-effective one, garbage?

**Hon. J. A. Taylor:** You are assuming that it's the most cost-effective.

**Mr. Reed:** It's your studies not me that's really saying it. That symposium I had the privilege of attending also said that garbage, with its negative input cost, could produce methanol at a lower cost than wood waste.

It seems to me you could kill two birds with one stone.

**Hon. J. A. Taylor:** Something I'm looking forward to, of course, are the concrete recommendations to take it the next step. And we won't know until we establish a pilot plant.

I suppose, when you look at it, the determinant is whether or not people are interested in investing some money in it. This is really where the crunch is now.

We've reached a point where we've got all our studies and we have all the expertise that one could wish for. We've got our economic analysis and all the review from a financial point of view. Now we say, "Okay, be prepared to put some money into this." Hopefully we can—

**Mr. Stokes:** You put money into LRT.

**Hon. J. A. Taylor:** No, I'm not talking about government. What really makes things tick is if the private sector is prepared to put some money in it.

**Mr. Reed:** Agreed, but let's just look at a case in point. We've got a little municipality out where I live that's running head-on into a very serious waste disposal problem. I think most of the municipalities around Toronto, including Metro Toronto, have a very serious waste disposal problem. They're faced with some options—things like reclamation, legislating a lower tonnage of garbage from each household, extending existing pits. When you get down to the nitty gritty, the day-to-day problem is actually moving that bag of garbage into wherever you're going to put it.

It would seem to me that here's an ideal situation for government to make a whole lot of strides, really forward strides, in one stroke. You've got a problem with sewage sludge, which is also convertible to methanol. You've got the garbage, which is convertible to methanol. Then you've got the need to do something with this monster that keeps building up in these rapidly growing areas.

The government has already, through the Ministry of the Environment, stated to the municipality that it's prepared to underwrite initially 100 per cent of the cost of a solid waste recovery system and it wants a 50 per cent payback. So we've got some ground rules established for the utilization of garbage, let's just take it one step further and get the Ministry of Energy involved here. If the Ministry of Energy participates, maybe that could help to speed up the process.

It may help to relieve a little more of the cost to an uncertain municipality which has been used to dumping its garbage into holes in the ground since time immemorial and

knows all about the costs and the materials handling problem. It might help to relieve some of the problems vis-à-vis the odd plant in proximity that has attempted to utilize garbage but was ill-conceived and ill-designed and so on and where there's a certain reluctance on the part of the municipality in this case to move.

I just see this great opportunity here, an opportunity which can serve us better, more and more effectively as the years go on, to the end of this century. Now is the time; we've got the resource there, we need some mechanical—

**Hon. J. A. Taylor:** A very fertile area, pregnant with possibilities.

**Mr. Reed:** Pregnant with possibilities is the word.

**Hon. J. A. Taylor:** I presume what you are also suggesting is that there should be a beefing up of the Ontario Energy Corporation in terms of it taking initiatives in this area.

**Mr. Reed:** I would suggest that if there's a chance, which there would appear to be, for garbage methanol for instance to become cost effective, it would seem to be an area of exploration that the energy corporation could logically involve itself with, considering you are doing it with Polar Gas; you are doing

research and development there. Here you already know you have the resource.

**Hon. J. A. Taylor:** Then you are suggesting it would be an appropriate vehicle to certainly help finance it as well as co-ordinate and initiate it?

**Mr. Reed:** Yes, I would.

**Mr. Chairman:** We have run out of time. But before we adjourn until this evening I would like the committee to make a couple of decisions. One is that the Ministry of Labour was slated to start tomorrow afternoon. Due to the fact that we should be winding up the Legislature tomorrow night at 6 and the Minister of Labour has a previous commitment, I wonder would the committee consider starting estimates on Labour in the fall rather than spend two and a half hours on them tomorrow?

Agreed.

**Mr. Chairman:** Another matter that we should consider now is the fact that Bill 22, An Act to amend the Labour Relations Act, has been referred to this committee. I feel that this committee should meet tomorrow afternoon and discuss how we want to handle this bill. Is that in agreement with the committee?

Agreed.

The committee recessed at 6 p.m.

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Havrot, E. (Timiskaming PC)

Johnson, J.; Chairman (Wellington-Dufferin-Peel PC)

Pope, A. (Cochrane South PC)

Reed, J. (Halton-Burlington L)

Stokes, J. E. (Lake Nipigon NDP)

Taylor, Hon. J. A.; Minister of Energy (Prince Edward-Lennox PC)

**Ministry of Energy officials taking part:**

Clendining, R. H., Senior Adviser, Crude Oil, Policy Development Group

Higgin, Dr. R. M. R., Adviser, Renewable Energy Resources, Energy Conservation Group

Jackson, B., Chairman, Ontario Energy Board

Pinnington, P., Senior Adviser, Petroleum and Petro-Chemicals, Policy Development Group







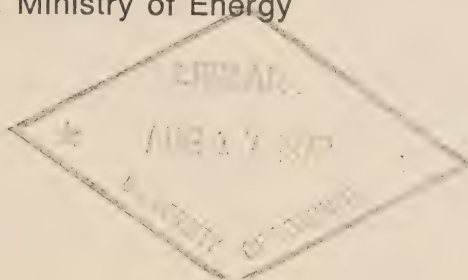


# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

### Resources Development Committee

Estimates, Ministry of Energy



### First Session, 31st Parliament

Monday, July 11, 1977

Evening Sitting

Speaker: Honourable Russell Daniel Rowe

Clerk: Roderick Lewis, QC



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# LEGISLATURE OF ONTARIO

MONDAY, JULY 11, 1977

The committee resumed at 8:05 p.m.

## ESTIMATES, MINISTRY OF ENERGY (concluded)

On vote 1904, energy supply program:

**Mr. Chairman:** I see a quorum. We will all the meeting to order.

**Ms. Bryden:** With regard to the Ontario Energy Corporation, this corporation as we all know is fairly new. It should be a good corporation because it was mainly built with NDP planks.

**Hon. J. A. Taylor:** Was it now; and the timber is still solid?

**Ms. Bryden:** Are you surprised? It is an idea we have been advocating for quite a long time as a way to develop an energy policy for Ontario, not only to look at supply but to look at conservation and development of energy-saving equipment and so on.

My first question is, of the corporate objectives which are listed in the annual report and which were in the bill, how much has been done on items 2 and 5? Item 2 is to stimulate exploration for and development of sources of energy; item 5 is to encourage the development of processes and equipment that will avoid the wasteful use of energy and will minimize harm to the environment.

**Hon. J. A. Taylor:** In the case of item 2, in terms of stimulating exploration for and development of sources of energy, if we want to confine our activities to the corporation as opposed to the ministry, then there are two or possibly three projects. One is the corporation's involvement in Syncrude and the second is the corporation's involvement in Polar Gas.

The reason I said possibly three is the activity of Mr. Peter Lamb, who has been here and who works on those two projects through the corporation and is really a part of the corporation; he is also co-ordinating, through the ministry, the utilization of waste energy, through waste water. I am thinking now of the Bruce Hydro plant, the Kincardine project. That again is utilizing another source of energy, which is reject

heat and which we feel fairly optimistic about.

There are other projects that aren't being handled through the corporation as such. That touches on item 5 as well when you say, "encourage the development of processes and equipment that will avoid the wasteful use of energy and will minimize harm to the environment." Those are related, because I mentioned the Kincardine project.

There is also the utilization of waste heat, for example, in sewers, a project that we are working on that will, hopefully, supply energy to a development in downtown Toronto. It's an area that we are exploring. There is that type of thing.

In terms of projects being handled solely and technically through the corporation, I think Syncrude, Polar Gas and Kincardine are probably the main ones.

**Ms. Bryden:** This presumably could also be used for development of renewable sources of energy, such as solar and wind power and so on. Has the corporation done anything in that field at all?

**Hon. J. A. Taylor:** Not as such, again because of the expertise within the ministry and through the ministry's research and development projects, that are tied in with the ministry as opposed to the corporation.

**Ms. Bryden:** With regard to item 5 is there anything done by the corporation to develop standards for energy-efficient equipment, and to try and get manufacturers to start making the most efficient types of appliances and machinery and so on?

**Hon. J. A. Taylor:** No. But we are, again through the ministry, working in conjunction with the federal authorities on those standards. I believe you are probably thinking of labelling the efficiency of electrical appliances—that type of thing. Again, that work isn't being pursued through the Ontario Energy Corporation.

**Ms. Bryden:** So it would appear the corporation is mainly a holding company for our investment in Syncrude and our investment in Polar Gas.

**Hon. J. A. Taylor:** Not exactly a holding company—it's not just a vehicle to hold

shares, for example. When you look at Syncrude the corporation has an active involvement not just sitting in at directors' meetings, but involvement in the construction program and what is happening there—the decision-making. There is a lot involved, as you can appreciate, when you are developing a project such as Syncrude. You have a lot of infrastructure; you have to make sure that energy is supplied to operate it. You have pipelines from the plant; you have housing; there are all kinds of involvement. It is really an active program as opposed to merely being a vehicle to hold shares.

[8:15]

Polar Gas is similar, in that again there is a program of activity involving the proposed pipeline—the technology and so on, environmental, social and economic conditions. So it's not simply a matter of saying we have a corporation, we'll just put something in the name of the corporation, as you might with a holding company.

That's not to say there wouldn't be appropriate projects for the Ontario Energy Corporation. I don't personally believe that it should be just accumulating a portfolio, holding interests in different developments. I think as we establish the economic viability of Syncrude—and I'm convinced that we will; I think that it will be profitable venture. Next year it will be coming onstream, as you know, initially about 40,000 barrels a day and on up to 125,000 barrels a day. I think we're going to have a substantial holding there which certainly would have a market value in excess of our investment, and also in terms of technology.

I would like to see the corporation try to act as maybe an entrepreneur, maybe a catalyst in attacking other problems that may be too big for one particular part of the private sector to handle. For example, see if they can put together a package to get private industry working together in connection with a project that may need some initiative on the part of government in order to hold it together. This could very well mean we could turn over the investment in Syncrude and use the funds to put together another package to establish increased supplies of oil and natural gas.

I think that vehicle's there and I think the experience so far has been good. But it's not a matter of just dumping into that corporation bits and pieces of research and development that are actually within the ministry now, when the expertise is within the ministry.

The corporation is a separate corporation. It has its own board of directors and staff. You'd have to start transferring people into

the corporation and you'd really have to be convinced of the reason for that—that is that it could be done better in the corporation rather than within the ministry. But if you're thinking that it should be beefed up, I think probably you would get the support of the Liberal critic, as I read the Liberal critic.

**Mr. Eaton:** Did you really say that?

**Mr. Reed:** What did I say?

**Hon. J. A. Taylor:** Would you like to plead the fifth?

I was saying that your posture seemed to be that the Ontario Energy Corporation might be beefed up to show more initiative and enterprise in certain directions.

**Mr. Reed:** Yes, that is correct.

**Hon. J. A. Taylor:** I was just saying that's the impression I got from you, so there may be, and I'm sure there will be, appropriate projects that it could take on. It's not just a matter of dumping things into it just to show that you've got another corporation going and hiring more staff and spending more money, nor to build up a portfolio, nor to try to go into competition with the private sector.

**Mr. Reed:** That's right. Nor with a view to nationalizing anything. That's the last thing I'd want.

**Ms. Bryden:** No, but I wonder if the minister, when he talks about further activities it could go into, if he's in favour of joint ventures along the lines of the Syncrude deal. There the three governments, really, put up about 30 per cent of the equity and about 80 per cent of the capital for the initial investment, but they still only get 30 per cent of the profits and 30 per cent of the oil when it comes out. It has been described as a very one-sided deal where the government takes most of the risk and the companies take most of the profits.

**Hon. J. A. Taylor:** Syncrude?

**Ms. Bryden:** Yes.

**Hon. J. A. Taylor:** No, because remember we picked up the interests of Atlantic-Richfield in that proposal. There was an adjustment with the other partners, but basically the percentage that had to be handled was 30 per cent. So Ontario took five per cent, Alberta took 10 per cent and the federal government took 15 per cent which is now held by Petrocan. In terms of the sharing in the technology, whatever may flow from that, if there are any patent rights—incidentally, there are leasehold interests as well in the oil sands that aren't being currently used in conjunction with the present plant—but in terms of return, we will participate on a pro rata basis with the other partners in the—



Ms. Bryden: Only five per cent, though.

Hon. J. A. Taylor: Yes, but that's all we ought. Should we get 50 per cent by putting five per cent of the money? Then who gives up their interest? Does the federal government give up their interest; or Alberta give up their interest? I think it's fair. I think that we're developing there is an investment which will be enhanced when the plant is on stream. If we have eventually, say 125,000 barrels of oil flowing a day, then fine, then we've helped do that. We've kept that thing together, along with Alberta and the federal government, working in conjunction with investments of private sector partners.

So that's great; but it may very well be that if we're trying to enhance further our security of supply then we should look at other large projects. They run into the billions of dollars. It could be that we could take our investment from there and say: "Let's take on some of this heavy oil they're talking about. Let's work with the private sector—or let's the Alberta government or whoever it is—let's show our interest in trying to see what we can do to upgrade heavy oils and get a flow to Ontario." I think that's another possibility in terms of a project.

So I think from time to time, with initiative on our part, we can stimulate that kind of thinking and develop the resources of the country.

Ms. Bryden: Since Syncrude is now costing about three times what the original estimate was, has the Ontario government been asked to lend any additional money or put up any additional equity?

Hon. J. A. Taylor: No, our expenditures are pretty well on stream in terms of what we anticipated. We figured the five per cent interest would cost us about \$100 million. That, when completed, could run within \$3 million or \$4 million or \$5 million of that, but it would be very little over the \$100 million. It's more than three-quarters completed now, so we have excellent control in terms of what our expenditures are there.

Ms. Bryden: How many members of the board of directors do we get?

Hon. J. A. Taylor: We have one.

Ms. Bryden: Does that give us very much control over expenditures?

Hon. J. A. Taylor: Just this—we're talking percentages you know, and again \$100 million only translates into five per cent—but we are 100 per cent involved, in terms of our participation in those directors' meetings, in the decision-making process and so on. Our presence is very much felt. That's not something you measure in terms of per-

centage. With our representatives there, we are privy to all of the information.

Ms. Bryden: I notice, Mr. Minister, that the salary and wages for this year are \$337,000. For last year, unless there was a supplementary I missed, it was \$12,000. I'm sorry, I'm looking at energy conservation I guess; it was \$9,000 compared to \$12,000.

Hon. J. A. Taylor: Yes, you're down to the next vote.

Ms. Bryden: Yes I'm looking at the next figure. But it's still five times what it was in last year's estimates.

Hon. J. A. Taylor: Are you asking me about the \$59,000?

Ms. Bryden: Yes. Why it's up from \$12,000 to \$59,000.

Hon. J. A. Taylor: Frankly, we were very conscious of your views and of the Liberal critics' views, and those of the Ontario Energy Corporation, and the fact that it should probably be strengthened in terms of personnel. We had hoped to add to the complement. There was an additional \$40,000 in that. I may say we haven't accomplished that yet; this is July but we haven't—

Mr. Reed: One more person on it.

Hon. J. A. Taylor: No, we haven't been able to bring on any more staff.

Ms. Bryden: I hope when you are looking for staff, Mr. Minister, that you'll be looking for women. I notice the Ministry of Energy has what they call the highest incidence—I don't know the exact term the Crown employees' report uses—anyway the lowest percentage of women in the ministry.

Hon. J. A. Taylor: I wouldn't want to say I prefer women or I'd be looking for women, but we certainly don't discriminate.

Mr. Reed: If I was the minister I would always be on the lookout.

Mr. Eaton: What you lack in number you make up in quality.

Hon. J. A. Taylor: There you are, there's a more enlightened observation.

Ms. Bryden: I think that's all I have right now, Mr. Chairman.

Vote 1904 agreed to.

On vote 1905, energy conservation program:

Mr. Reed: Mr. Chairman, the element of conservation at this particular time is probably one of the most important aspects of the Ministry of Energy's function. It offers the most challenge and probably, insofar as the people of Ontario go, it offers the greatest reward.

I spent a good deal of time in the opening statement talking about conservation and I'll try not to duplicate any more than is possible. I did outline that in my own view there are three basic kinds of conservation, there are three basic areas from which one can approach conservation.

The one we're all familiar with is the area of consumer conservation. That involves the elements of home insulation; it involves the weight and size of automobiles and the amount of energy needed to go from point A to point B; it involves an awareness of utilization of this wonderful electrification system we have in the province of Ontario, which has served us so well over many years and so on.

Another area of conservation is an area we haven't given a great deal of credence to up to this particular time. However it is an area which can give us a great deal of saving in terms of efficiency of energy utilized. That is the thing I like to call thermodynamic conservation. The fact is we still have available to us a number of choices in the kinds of energy we utilize. That in itself leads to a certain optimism, because it enables us then hopefully to make choices—

Mr. Eaton: Mr. Minister re coffee.

Hon. J. A. Taylor: That's one area we won't conserve in.

Mr. Reed: Let the record note the minister has been bribing the members with coffee.

Hon. J. A. Taylor: With the present high cost of coffee that could almost be interpreted that way.

[8:30]

Mr. Reed: Thermodynamic conservation, Mr. Chairman, allows us certain choices, and I think I alluded to them in the opening statement. We are using, for instance, for various reasons which the minister might explain, natural gas to generate electricity. That's a very low end use for a product like natural gas. We're combusting it, and in so doing we're only using about one-third its energy input. If we were to use it directly we could at least use 60 or 70 per cent of that available energy. That's what I mean by thermodynamic conservation.

It's also a fact that at the present time we run all of our railroads with internal combustion engines, using diesel fuel. If anybody studies some basic laws of thermodynamics, you soon find that perhaps one of the highest end uses of electricity is for the turning of wheels and the transporting of people. If you do a little cost analysis on the cost per ton mile on rail you'll find that electric railways

are indeed a very high and acceptable end use for the generation of electricity.

Thermodynamic conservation can be applied to all sorts of things. One of the things we can perhaps be very conscious of is the fact we're using electricity to provide low grade heat in our homes and to heat hot water. I suppose it's always been obvious, but not before necessary, that we've got to find some way to change that thrust. As one person said to me: "Do you want to be the guy who tells everybody they can't have base board heaters any more, or resistance heaters?"

But I don't think that's the essence of the argument. I think the essence of it is that if we are conscious of the kind of energy we're using and what is its end use, it becomes readily evident that to utilize electricity for a low grade end use is really not too practical in a thermodynamic sense and that it might make more sense to start considering whether indeed we find it necessary to continue heating our homes with electricity. Other arguments may prevail but it may be, keeping the thermodynamic aspects in mind and conservation in mind, it might very well be to our benefit to do that heating in off-peak hours. We can do that. We've got the technology to do that, with storage and so on.

The cost of putting in an electric heater with storage, and a hot water system using electricity, I'm sure is not a nickel more than an oil-fired hot water furnace; it's probably a lot less. The fact is we do have those choices open to us; they are things of which we must be conscious.

It has been said by an expert who knows far more than I do that if we were to use, electricity for instance, to its highest end use only, and to substitute other forms of energy where they should be substituted, we would only really be using eight per cent of the energy we're utilizing at the present time. You can see the challenge there. Somewhere between that eight per cent figure, which is the extreme in terms of highest end use and the level of waste we're operating at now, lies a more practical sort of consideration that we have not been giving to our energy sources up to this time. I would suggest very strongly to the minister that when choices are being made the thermodynamic choice must also be a very strong consideration.

The other area of conservation, of course, one has to sort of headline under the word "government" itself. When one recognizes that Ontario Hydro is a Crown corporation, operating under the direction of the Minister of Energy—we hope—then obviously herein lies one of the greatest challenges to govern-



ment in terms of conservation. All of us in this room are cognizant of the fact that Hydro has gone from primarily a hydraulic generating system, of necessity to primarily a thermal generating system. This year, probably something over 60 per cent of our total output is thermal output, and something under 40 per cent is hydraulic.

In thermal generation we know that roughly two-thirds of the energy we put into generating electricity is passed off by the utility itself as waste. For every three units of energy we put into the system, we only get one out at the consumer end; the other two are going into the Great Lakes or into the atmosphere or wherever. Therein lies a tremendous challenge. Some of that challenge is being studied at the present time, and it's to the ministry's credit it is at long last giving serious consideration, to the utilization of waste water at Bruce for instance.

There are a great many other options open in terms of the use of thermal waste from generating plants, not the least of which is district heating, which has been quite highly developed in some countries in Europe. The technology is pretty well known. There have been some arguments against the utilization of waste heat from the water being used for cooling, because the differential in temperature has to be made far more significant than it is at the present time. As you raise that differential you naturally sacrifice some of the efficiency characteristics of the plant itself.

But it's also been shown, with study, that for every five or six points you raise the temperature differential, you only lose one point in the efficiency of the thermal generating plant. So there are a great number of things that can be done.

One of the considerations I would urge the minister to give a lot of thought to, arising out of the business of thermal generation, is partly contained in the public policy direction for Ontario Hydro, which is the report of the select committee on which I was privileged to serve. I suggest that thermal generation by industry should be encouraged.

We would call it co-generation. That is where the fuel is actually injected into a system in close proximity to the industry utilizing it so that the waste end product—in this case steam, I suppose, or heated water—can be used in the industrial process. It can raise the thermodynamic efficiency, or the thermal efficiency of the input of a unit of energy, probably to twice what can be achieved by the utility itself. It's something that deserves very serious consideration.

I would suggest very strongly to the minister, when he is discussing Ontario Hydro's policy for the future, that co-generation be a very strong element, so long as we are saddled, which I think we will be, with thermal generation.

The other aspect, which is not mentioned in the public policy direction, is the aspect of the unit sizes of thermal generating plants. I know we're going to get into this in a select committee that monitors the report of the original select committee, but I think it should be stated on the record that bigger is not always better when it comes to thermal generating units. There are economies of scale, but sometimes we may find it to our advantage to look at smaller scale economic units which can also utilize waste heat for the business of supplying district heating and so on. That's something you can't do to the same extent with a Bruce or a Pickering. Probably we can in Pickering because of its proximity to an area of new growth, but it seems very unlikely that we can do it with an E-15 or with a Bruce in terms of the heating of homes.

**Mr. Riddell:** They're going to try it on a greenhouse and a fish hatchery.

**Mr. Reed:** I guess we're going to go for greenhouses instead and fish hatcheries.

The other area in which government can become involved in conservation is at the municipal level. I'd be interested in the minister's response. I received a letter just today and haven't had a chance to study it seriously or talk with the principals involved. It would appear there are some municipalities in Ontario that are quite desirous of changing over their lighting systems to the newer, more highly efficient, high pressure sodium systems—or mercury vapour or whatever—from the old incandescent lights. I just wonder how the Ministry of Energy participates to encourage that changeover and whether they are providing assistance.

I'm not sure how much electricity lighting consumes in Ontario, I don't know the correct percentage, but I do know it's quite significant and there are a number of municipalities that would like to make the change for conservation's sake. That's something that can and should be encouraged, in my estimation.

There's one other subject I would like to perhaps throw out. I hope if there are any press or newspaper reporters who ultimately read this transcript they won't interpret it in a negative manner. Here's just a thought I would like to leave with the minister and Ontario Hydro. At the present time we



capitalize our system based on a peak period that takes place on some magic day yet to be announced, according to the dictates of the fellow above; over whom the Premier has no power, I think. It occurs for about four or five hours during that year. That's called the annual peak. It's over that annual peak that all good things come: Ontario Hydro decides it needs \$36 billion for expansion, we decide we have to make certain trips to New York to borrow that money, and so on.

We have discussed, and will be discussing on our future select committee, the various ways we hope that peak can be shaved; that some of the peak can be taken off the top and put into some of the hollows so that the differential will not be so severe.

We know now that for every percentage point we can knock off that demand for capital expansion we can save the province of Ontario \$1 billion, and that's pretty sound stuff. We salvage one per cent and that means \$1 billion; and we shouldn't forget it.

One of the arguments put forward for the necessity of maintaining the kind of growth we've had is that we want to continue the same efficiency and security of supply we've had in the past. I would like to suggest to all of the knowledgeable people here that it might not be so far-fetched to consider, in order to help to maximize the system, a calculated brownout during that very short period of time that occurs once a year.

Brownouts don't necessarily have to be when the lights go dim, the television screen goes narrow and everything becomes inaudible. We had a brownout last December and nobody really noticed very much, except I think one computer at Air Canada went askew.

Those few things can be prepared for. A great many, a great majority, of electrical appliances and so on operate just about as well with a 10- or a 15-volt drop as they operate when the system is full.

[8:45]

When you talk about brownouts people fear these things for some reason; and I don't know why. Because if you live in an apartment building that has one water system and you are showering and your neighbour turns on the shower, the water pressure drops a little bit and maybe it gets cool for a minute, but you get your shower anyway.

Interjections.

Mr. Eaton: We'll have to start sharing showers.

Mr. Reed: I was always an advocate of that plan.

Interjections.

Mr. Reed: But if you live on a farm, as I do, and if you have a rural water system and you are showering and your wife puts on the dishwasher downstairs—

An hon. member: You get cool.

Mr. Reed: —you jump into a towel and you yell downstairs to tell her to shut the dishwasher off.

But the point is, you see, with other utilities we accept and deal with brownouts all the time. There is nothing new about that. There is nothing special. But we have built in some inordinate fear of this word "brownout." It has really built up a false fear, I think, in everybody's mind.

I would like to suggest that the brownout we experienced last December really did not make any difference in my household and I am sure it didn't in yours either. I don't even think your television narrowed down. There was, I think, a three per cent voltage drop at that particular time. But we know very well that if you lived in a rural area if enough stoves came on even the lights would go dim for a little while, but we survived that all right.

I am saying that this peak consumption only takes place during a very short time; generally once during the year, that is all. If a brownout is going to achieve a one per cent or a two per cent or a three per cent saving in capital expansion, it would seem to me that we could utilize a brownout very, very well; without upsetting our industry, without upsetting anything. Probably we would have to prepare computers for it and maybe some synchronous motors that run our clocks and watches. But it seems to me that they run on 60 cycles anyway and get corrected at 3 a.m. so you can kind of forget about that.

I would just toss that out to the ministry as an idea. I don't think there is anything to be feared with that kind of a system. And if it is going to save us billions I think it would be quite acceptable to the people of Ontario.

Those are the comments I have to make, Mr. Minister. I feel that energy conservation is one of the key areas we can attack at the present time. I know a lot of people have said conservation is not going to be significant, it is not going to make a great difference. I know there are some very prominent people who really despair about the future demands for energy, but I would suggest to the ministry that if conservation is

ttacked in a comprehensive way, it can, t will, and it must be an important part of our thinking in the next 10 or 15 years.

**Hon. J. A. Taylor:** I think you made some very worthwhile remarks. Indeed, I would agree with a lot of what you say.

You have been concentrating on electrical power and I think initially people must realize that electricity is a very sophisticated manufactured product. We seem to take it for granted, but when you look at how thermal generated electricity must be produced and then compare that, together with the capital investment, with other manufactured products, it is a rather complicated production method. Bearing that in mind, and comparing it with hydraulic power that was rather cheap, we have to be more mindful of the utilization of that electrical power.

You are right, hydraulic power in terms of electrical production is now under forty per cent; I think it is probably close to thirty-six per cent at present. That percentage will diminish as our demands increase. And it is not a question of individual demand, but the expansion of our population and our economy. Even with conservation we are going to have to meet stronger demand in terms of total production.

That, of course, makes it even more important to effect the substitutions you have mentioned in terms of the different energy sources. Again, I think government has to show some leadership in this direction.

You mentioned the use of natural gas to generate electricity. The plans are to eventually—that is in the very short term—phase out the use of natural gas for the production of electrical power. At the same time, to maintain a mix in fuels, this whole area will be considered no doubt in the future, as it is in the present, by the Porter commission in terms of extra power planning.

The reason I mentioned the future is that I am anticipating there will be a select committee later this year, presumably some time before the fall or in the fall, and these may be areas that committee will be examining. It will be examining Hydro's responses to the recommendations of the previous select committee under the monitoring system the previous select committee had in mind.

I think you have certainly hit the key elements in terms of those areas of our community where we have to interpret and plan in regard to the utilization of energy. You mentioned first of all the transportation system. It is a big user of energy in Ontario—a very large user. Also when you get into

the transportation system you're into the private automobile and how much energy that uses. So again it is a matter of substitution.

You have suggested there should be electrification of trains. The Minister of Transportation and Communications (Mr. Snow) seems to think the most economic fuel right now is diesel on the basis of carrying so many passengers per mile. There are a couple of elements there. One, of course, is that you can make your choices, assuming you have an unlimited supply of what may be the most economic fuel. The other is, assuming that eventually that supply is not going to be there, you have to plan substitutions and plan them in a way that is going to bring about the minimum of disruption to communities, to the transportation systems, and at the same time utilize the most advanced technology that we have. Of course you have to plan for that.

In a way, I suppose, one of the more secure sources of energy will be in the electrical field, because we do have the capability in Ontario of producing electricity so that there is that security. It may very well be that electrification, as in the subway systems and the extension of that type of system to intercommunity travel, would be an appropriate way to go.

The whole field of transportation and the automobile, and what happens to the automobile, is important as it touches a couple of other matters that you mentioned. The first one is the very community itself. What will the structure of the community be when you start changing your transportation systems? When you have a problem in terms of energy for the overall community, you are looking at proposals that you have already made mention of, such as district heating. And on economizing, you're into planning when you get into that type of project.

I may say we are very mindful of that and are working with the Ministry of Housing in these areas. We are working now in connection with the North Pickering site. The concept there is one of using district heating, using hot water from the Pickering plant to provide that. A utility company, instead of putting natural gas through the pipelines, would put hot water through the pipelines. What you are doing is selling energy in the form of heat that would be emitted from hot water through your system. A lot of planning would have to go into that; in connection with the utility that would distribute, the economics of it in terms of the transportation, the installations, and the changes that would



have to be made at the plane to ensure the temperature.

You went into the question of some compromise in terms of the amount of electrical power you turn out as opposed to ensuring an adequate supply of heated water. Those are areas we are pursuing now with the Ministry of Housing, that is under active consideration. With community planning for an industrial complex, we have to work and are working with industry in terms of substitution of different types of fuel or energy, whether electrical or gas or diesel or hydraulic.

There are some industries which are very large consumers of electricity. I believe International Nickel, for example, uses more electrical power than the city of Toronto in its operations. These are very sizable industries with a very important impact in terms of overall energy consumption. We are working with them and I must compliment industry for taking initiatives. It has become very conscious of the cost factor in terms of different forms of electrical power or other types of energy; oil, gas and so on. The larger industries have taken a strong initiative in this area.

Our ministry, working with the Ministry of Industry and Tourism, is following that up in regard to a broad spectrum of industries. We mentioned earlier in the estimates the energy bus and how we can survey industrial operations and establish what the savings would be, in terms not only of total energy consumption but dollars and cents, through substitution, conservation and so forth. I think that is very meaningful when you get into that area.

That takes me to the overall policy of conserving, regardless of what type of energy you are talking about. You mentioned brown-outs. I don't know that I would want to advocate that as such. The select committee may want to pursue that further. I guess my particular riding had one industry that was affected in terms of the shortage of electrical power in the past winter, where interruptible contracts were interrupted and almost had a serious impact on employment. This is where the type of planning and programming comes into being, so that you know what you are doing.

[9:00]

Conservation must be a deliberate conservation; we must prepare ourselves for that. I agree it is necessary to flatten that demand so we don't have to cope with high peaks of electrical demand. I believe Ontario Hydro is working on ensuring that such things as hot water heaters could be controlled

through electronics or radio waves—I am not sure of the precise technology—to shut off that type of an appliance when it would be appropriate to do so to keep a better balance and to make sure that off-peak hours are when you use that type of convenience.

Mr. Reed: Very commendable.

Hon. J. A. Taylor: These are the initiatives that I agree we should be taking and are taking. A big part of the problem is, I suppose, the public awareness program—if we all save a little we'll all save a lot. It is important to get across to people that maybe changing the type of a light bulb, as you mentioned, may be insignificant.

You raised the point in terms of getting away from the older type of street light. At one time we thought mercury vapour light was the ultimate and now we are into other types of more efficient lighting. You mentioned the high-pressure sodium bulb. I know my ministry is keeping abreast of that. We do get inquiries. We do try to consult and advise. We don't have all of the testing facilities that it would be nice to have, but there are some around. We use Sheridan Park, and maybe facilities in Ottawa. So we try to utilize what there is and to advise people in terms of economics and conservation.

I think in a general way that is the way I will respond because really it is the community or overall approach to energy in terms of things that we take for granted. The very type of cities that we plan and develop, grow up in and work in; the type of industrial complexes, how they are powered; the transportation systems in place—all of these things become a part of our lifestyle, and yet could be very seriously disrupted unless we anticipate now and effect the necessary planning to accommodate future growth.

Mr. Reed: One of the suggestions that arise out of your comments might be to make the purchasers of interruptible power aware that they are in fact buying interruptible power. They get it at quite a nicely reduced rate, thank you, and it would be in everyone's best interests if they knew that that power could be interrupted. I realize that in the past it probably has not been interrupted, except under very stressful circumstances. But let's call a spade a spade and when we are selling that power at its reduced price to industry make sure that they are aware that interruptible power is just what it says it is.

Hon. J. A. Taylor: The industry does. But, as you say, they become so accustomed to interruptible power not being interrupted



that they express shock and surprise if perchance the very nature of the power they purchased at a very reduced price is in fact interrupted.

What disturbs me in that element is that you are depending on that power in order to maintain your work force and you are gambling on, in some cases, millions of dollars worth of savings through power consumption at lower rates, so that there is an element in the business judgement you make in buying interruptible power that should be considered. Besides the fact that you may have to shut down your plant and you will lose X number of dollars over the several years, you will be the winner by many millions of dollars.

The element that must be considered, in my estimation, in that type of business arrangement is the human element in terms of your labour force. I think that's really a social factor that must be a part of your calculations, as a businessman that may be buying interruptible power. In other words, supposing I do have a shutdown, what does that mean to my work force and what are my obligations as an employer to the men and to their families?

**Mr. Reed:** Of course, as a select committee we had deputations from industries that were buying firm power, who told us that if it would mean a reduction in rate increases—in other words, if they could achieve something tangible from it in terms of rate increases—if they knew when they might be asked to reduce power or to curtail power usage, they would be quite pleased to do it.

Perhaps what I am suggesting there is the fact that this annual peak only occurs once a year. It's not as if we were dealing with it on a daily basis. We aren't. We are dealing with a daily peak, of course, but it keeps rising as the temperature gets colder in Canada. In New York it goes in the reverse—as the temperature warms up, the peak keeps rising. There are elements there that are very deserving of consideration and I would suggest, Mr. Minister, that industry is quite willing and able to co-operate if it's going to result in some kind of tangible saving in terms of rate increases.

Anything we can do to maximize the dollar return on our investment with Ontario Hydro is a plus factor. Right now, the way the whole thing is built, we are capitalized for 100 per cent of production above our mean average of sales. Therefore, we are paying double on the interest and depreciation clock that theoretically—and I say that advisedly—that theoretically we could ap-

proach. We couldn't reach 100 per cent of maximization of the system but we sure as heck can go a long way towards it. The thoughts that I was simply trying to express were designed, I suppose, to stimulate thought more than anything.

**Hon. J. A. Taylor:** I think that's a point well made. As a matter of fact, I've met with the executive, or some of it, of the Association of Major Power Consumers, and I have also addressed that organization and have encouraged it to work more closely with Hydro. I don't mean that at the formal level of energy board hearings, in terms of what are you going to have to pay for a unit of electricity. I'm talking about before you get to that stage, to work more closely to see what could be done to be more effective in the utilization and cost of their electrical power.

I think you've got to do that at the ground level, so to speak, before you get into areas of formal hearings where different interests, sometimes similar interests, almost get into an adversary position, where if you have an idea it seems to gell and you're looking for more reasons to support that idea instead of exchanging information and trying to co-operate and reduce consumption and cost. I agree, if that's what you are saying, and I think it is.

**Mr. Wildman:** I want to follow up on this. I am interested in the increase in the estimate here. When you look at the 1976-77 estimate in item 2 under this vote, you see it's approximately \$266,000, whereas in 1977-78 it is substantially more; it's over \$5 million.

I'd be interested if the minister would indicate where the money is going, what conservation projects are in the mill or are already underway and what kind of savings he sees overall from this extra expenditure in this particular item in the conservation field.

Before you reply, I would like also to find out what exactly the relationship is between this ministry and the various other ministries of the government and what influence this ministry has on decisions of other ministries which affect consumption of energy? Obviously, some ministries are more important than others when it comes to influencing the consumption of energy in the province. For instance, MTC certainly can have a significant effect in its various programs on helping to produce a high consumption of energy or more conservation.

I am just wondering what effect the Ministry of Energy has. Let's say MTC is look-

ing over possible routes for a highway and one route might be much longer than another or might be over tougher terrain than the other. Is the Ministry of Energy involved at all in making a decision on which route is more feasible? When the feasibility studies are done by MTC, or when MTC makes submissions before federal bodies on transportation of various types, for instance, whether it be rail transportation, air transportation or whatever, is the Ministry of Energy involved in the preparation of those submissions?

When the government itself, for instance Government Services or Management Board, makes decisions on how government agencies and other ministries are to conserve or expend energy, what influence does this ministry have in those kinds of policies?

Those are the two things I would like to pursue. Could you give me some idea whether or not you are involved in an advisory function or if it's more than that? If you are not involved in these various things, could I get some indication where the extra funds are going and what you expect from them?

**Hon. J. A. Taylor:** The dramatic increase in that particular item was explained in a news release I issued on May 10, 1977. If you don't have it I would be happy to distribute it to you.

Basically, what we've done is to take \$1.94 million into the ministry for the energy management program. That was dispersed throughout different ministries. It's not as though it's fresh money, it's a matter of putting that into the ministry where it is being co-ordinated, with the projects spearheaded by our ministry.

Of that, \$2 million is for expenditures to retrofit our own government buildings. If you turn around you will see that the storm window that has been fitted on over that very large piece of glass is on the inside. It is that type of expenditure, throughout government and throughout all of the ministries, that we have brought into this item. The reason we have done that is—  
[9.15]

**Mr. Riddell:** Could we have that done in our offices?

**Hon. J. A. Taylor:** It could very well be, because if it's drafty then we will be heating a lot of air outside.

This is what we are interested in. We have set a target to reduce the total energy consumption in government by 10 per cent by the end of this current fiscal year, in 1978.

It's important to make sure the necessary retrofit takes place to achieve that target. Within the five year period we hope to reduce consumption by 15 per cent, so that's the reason for those items being there.

I can give you individual breakdowns, going through the different ministries, we have that. I can give you additional information if you wish that: Agriculture and Food, \$165,000—I don't know whether you want me to run down this or not. I could even give you a copy of it.

**Mr. Wildman:** It would be sufficient to give me a copy of it.

**Hon. J. A. Taylor:** Anyway, it's a breakdown through all the various ministries, and when we total up it comes to that amount of money.

**Mr. Wildman:** I didn't necessarily mean in the ministries themselves although that was part of it, the ministries themselves conserving energy. However, when it comes to policy decisions or project decisions made by various ministries in their jurisdictions, for instance MTC when they are deciding on a road or when they are deciding on whether or not to locate an airport in a particular place or whatever. Is your ministry involved?

**Hon. J. A. Taylor:** We will not get into that kind of detail, whether a piece of road be directed between A and B, or A to B to C type of thing; we don't get into that kind of detail.

**Mr. Wildman:** Obviously this could have a significant effect. I have a situation in my own riding, for instance, where over 200 people are commuting approximately 50 miles a day one way—100 miles a day total. This is because of the fact that is the only route available. If another route might have been constructed it would only be about 20 miles, a total of 40 miles a day. When you consider the consumption of gasoline that entails, it would seem that in that particular case at least MTC obviously was not putting too much weight on the overall conservation of energy that would be produced in determining whether or not to expend funds on one road as opposed to another.

**Hon. J. A. Taylor:** I was thinking of the bridge that was put in to the island instead of the ferry service. We used to call it the Gilbertson bridge. What became of the island?

**Mr. Wildman:** Yes, that's right. That bridge was built—of course they first started talking about it in 1896—

**Hon. J. A. Taylor:** That was quite an accomplishment then—



**Mr. Wildman:** It certainly was.

**Hon. J. A. Taylor:** —to achieve that; but that presumably could very well be energy efficient in terms of eliminating the ferry service. I don't know.

**Mr. Wildman:** But you are not involved in that type of thing at all?

**Hon. J. A. Taylor:** We weren't involved in that type of planning from an energy point of view. It may be energy efficient and it may not be, but there are other considerations too.

**Mr. Wildman:** ... Obviously. I am just asking if you are involved in those recommendations, so that when the particular ministry makes a decision you have had input. You are saying no, you don't really have input into that kind of thing.

**Hon. J. A. Taylor:** We recognize, as I was indicating in my response to the Liberal critic, that energy conservation and management is very important in terms of industry and transportation. I know there are considerations that have to get a fairly high priority, and environment is one. You lose power in a transmission line the longer your line is, yet-sometimes you have to take a little more circuitous route in order to accommodate the environment.

**Mr. Wildman:** Would you agree that generally rail service is the most economical mode of moving people and goods over short distances, less than 500 miles?

**Hon. J. A. Taylor:** What I understand from the Minister of Transportation and Communications (Mr. Snow) is that the diesel-operated vehicle is more efficient.

**Mr. Wildman:** That's what I meant, trains.

**Hon. J. A. Taylor:** No, I am talking about buses.

**Mr. Wildman:** Oh buses; you would say buses. Okay, all right; that's fine. Then basically that kind of determination is done in the ministry—

**Hon. J. A. Taylor:** Oh yes, we have an interministerial committee that deals with that type of thing.

**Mr. Wildman:** In Government Services itself, with this release that was just distributed, you indicate you have taken quite an amount of the responsibility in that field in cutting 10 per cent by the end of the year.

**Hon. J. A. Taylor:** By the end of this fiscal year, yes. That's pretty brave, too, because that's a sizable percentage. When you look at the total energy bill for government, as I mentioned before, it probably runs about \$75 million a year.

I say "brave" because I am partly a politician, and for a politician to say we are going to conserve 10 per cent, or cut back 10 per cent, is something that will probably turn up again. You will be asking me next what percentage did we achieve.

**Mr. Wildman:** Okay: Is that only in relation to direct expenditure by government; or is that also government policy in relation to their services and their employees, which may lead to savings in energy that are not government expenditures?

**Hon. J. A. Taylor:** That initiative is within government; space heating and that type of thing. As I indicated before, you can't tell somebody else he should be doing something without showing leadership yourself.

**Mr. Wildman:** I agree with you there. What I am leading to may seem like a small thing but I think overall it may have significant effect. I understand that Management Board has issued a policy whereby government employees will now be required to pay for parking in centres that have mass transit; in other words to try and encourage people to use mass transit.

**Hon. J. A. Taylor:** Or pools.

**Mr. Wildman:** Or pools. Did you have any input into that or is that a separate conservation program?

**Hon. J. A. Taylor:** In regard to pooling, we have been doing work on that within government, and also in conjunction with private enterprise. We know it's a tough job to separate someone from his automobile; it's almost like separating Siamese twins I guess. It has become a part of a person's lifestyle; people apparently use cars to do their thinking in, it is the only time they can get away from their wife or their work, to sit in their car in a traffic jam and be alone even amid the blowing of horns and the smell of exhaust. Apparently there are some interesting psychological studies on that which go deeper than—

Interjection.

**Hon. J. A. Taylor:** The chairman suggests it might have been Jan Duszta who—

But what I am saying is we have been trying for generations to eliminate one person per car type of thing, but we build more and more expensive expressways and the whole thing becomes a very costly item; however we are doing what we can in that area.

**Mr. Wildman:** Was that a policy arrived at separately from this other program; or is that all part of the same thing? In other words, you are not just talking about saving



money directly by government itself, you are also encouraging, in this case the employees of government—

**Hon. J. A. Taylor:** Or employees of anyone; it is complementary. I may say too, while we are talking about that, that we also deal with staggered work hours for example in trying to stimulate the use of urban transit systems. There are a number of avenues we take in trying to be constructive and helpful. That is not just government but private enterprise as well.

**Mr. Wildman:** I would think this particular idea is a good one, especially in areas like Metro and so on.

**Hon. J. A. Taylor:** We think so.

**Mr. Wildman:** But I would hope that in areas where there is no mass transit, or at least where it isn't practical to pool, we could be looking at other ways of improving those services so that you could be moving in that direction. You wouldn't have input into MTC's policy in determining what kind of subsidies are made available for mass transit?

**Hon. J. A. Taylor:** Input into MTC? We do have some, but we don't go into great detail in that particular area. We do work in other areas in great detail—for example fuel substitution, when we talked about the methanol type of thing.

**Mr. Chairman:** Ms. Bryden?

**Ms. Bryden:** Thank you, Mr. Chairman.

On this very large estimate of \$5.2 million; it seems to me that it is rather a mockery of estimates to just put a round sum like that into the estimates without a breakdown.

**Mr. Wildman:** On services.

**Ms. Bryden:** Yes. I am sure that Management Board doesn't let that sort of an estimate go into the estimates book without considerable documentation as to how it is going to be spent. I think when the estimates are tabled is when the members should get a breakdown of an item like that called "services." I realize the minister has provided us with some sort of a breakdown in the press release of May 10—

**Hon. J. A. Taylor:** Yes, that was public at that time, and well in advance of today's estimates. It wasn't the intention, believe me, to hide the detailed figures from the committee. That was made public at that time. We are not masquerading that we are taking initiatives when we are not.

It is a large figure. It's been pulled in, principally from other ministries, and I would be happy, as I undertook in speaking with Mr. Wildman, to get a breakdown ministry by

ministry of the precise number of dollars that are relevant to these ministries.

I don't know if we have copies of that now that we can distribute, but you certainly are entitled to that information. Apparently we don't have copies, but we will see that you get a copy.

I certainly want to be open about it. I hope to gain your support in what we are doing in pulling these things together under the Ministry of Energy so that we can get some focus on it. We want to have a driving force that is going to make sure it is not just another target of a 10 per cent reduction, to make certain there is some followup, that there is a plan of action, that these items are being done so that we can look at the dollar savings in terms of energy costs.

[9:30]

Any time throughout the year we are happy to co-operate with you and your critic. I met with your critic then when I first went into the ministry, to review this type of thing so that he could be assured it's a co-operative effort. If you don't understand what we are trying to do, then you are not going to be very helpful and maybe your criticism won't be very constructive either, so I want you to know that we like to share our information.

**Ms. Bryden:** I think perhaps my criticism is more an overall criticism of the way estimates are presented. This item "services" crops up in many ministries without much of a breakdown, and I think members are entitled to more of a breakdown. Perhaps it's a complaint we should address to Management Board or the Treasurer (Mr. McKeough).

I appreciate the fact we did get a breakdown. I don't imagine it had anything to do with the fact that it came up in the middle of an election campaign.

**Hon. J. A. Taylor:** Gee, there should have been lots of breakdowns then; or is it breakdowns? Sounds like that new family law legislation.

**Ms. Bryden:** I do notice that of the \$5.2 million only about 15 per cent is going to what might be called renewable energy and the development thereof—at \$750,000. This seems like a very small percentage for a province that is going to have to depend on renewable energy in the future. The \$3 million for government buildings is something that certainly should be done, it should have been done over the past 10 years as we were becoming more conscious of energy costs; but I suppose better late than never.

The item on transportation and urban development, I would like some information on that; \$450,000 for projects. It's on page 4 of

your release: "To examine vehicle efficiency improvements; car and van pool demonstrations; and district heating opportunities."

You mention that one urban location will be used for an energy efficient urban redevelopment study. I would like to know what urban location has been selected; and also what exactly is being done in the transportation sector. It says here: "Addressing long-term energy implications in the transportation sector."

**Hon. J. A. Taylor:** We have a list of some of these initiatives. It might be helpful if Dr. Higgin would come forward, to fill in the detail, to flesh in some of these matters.

For example vehicle efficiency improvement is an area that could be mentioned. The object was to identify and quantify engine conversion losses and appraise methods of improvement. Maybe you could enlarge on that, Dr. Higgin; and any other initiatives you would like to comment on at the same time.

**Dr. Higgin:** This particular one that you referred to—vehicle and efficiency improvement—is under the Ministry of Transportation and Communications. What they are really looking at in this is exactly where the conversion losses occur in the standard automobile; how much is due to the simple engine, what is due to carburation losses, what is due to ignition losses, what is due to pollution control devices and so on.

You put so much energy in and you know that at the wheels you get only 30 per cent of that energy produced. Where does the rest go? They are trying to quantify this, to get a breakdown of this. Of course they are working with the vehicle manufacturers to get this type of information.

I think you're probably aware that many people claim to have found the answer to our car mileage problems. They come forward with various devices they claim are going to save us 10 miles per gallon, or various claims. One of the activities of the Ministry of Transportation and Communications is to test these devices and report back to the inventors or the manufacturers of these devices. These range from different types of ignition through carburation improvements and so on. To our knowledge, last year they tested 10 devices; unfortunately they didn't find one that, under their driving cycle, made any improvement, and they reported back to the manufacturers accordingly. They run an assimilated driving cycle similar to the EPA, a mixture of city-highway driving.

**Mr. Wildman:** You're talking about items like those things that are supposed to go into carburetors that will improve the mileage.

**Dr. Higgin:** Yes, water sprayers and all the things you've heard of. Most of them have been tested by MTC if they are unable to find another reliable agency that will run a test. And as I say, they've unfortunately had to disillusion all the guys who felt they'd made their fortune and solved the energy problem, but maybe one day somebody will come forth with something.

One other area that MTC is involved in is street lighting. MTC, as you probably know, is responsible for many of the highways, such as the Don Valley Parkway. Anybody who has driven there within the last two or three years knows that a significant relamping program took place on the Don Valley Parkway using the high pressure sodium units. I think they were Philips' lamps.

They're also running experiments—one in which we are particularly interested is in Etobicoke—to see what effect there is in terms of energy savings and what the economic and technical feasibility is of such street lighting, from the maintenance and cost points of view; they monitor how much electricity is being saved and, perhaps most important, see what community acceptance is of this type of lighting. This is a pilot project. We have them under contract this year to run under the transportation and urban development sub-activity. The car and van pool demonstration was mentioned before, I think. As I say, the MTC have been using their computer facilities for matching people up, both at Downsview with their own employees and by working with a number of large companies downtown to try to help them arrange van pools, and so on. This project is an ongoing one right now.

**Mr. Wildman:** I wish they'd use their computers in the north. There are a lot of people up there who are supposed to be in car pools and they're the only ones who live in the town and have to drive long distances.

**Dr. Higgin:** Although I think these current projects are mostly in downtown Metro, I'm sure that if it's a success, they'd be interested in spinning it out into other areas if there's a demand for assistance in those areas.

Then, of course, MTC is one of the leading groups in the government of Ontario concerned with methanol. Their involvement is concerned with the utilization of methanol in vehicles. I have heard a wide range of scientific and technical words on this. I heard one auto manufacturer tell us it was no good because the methanol took the paint off around the gas tank, which I didn't feel was an insurmountable problem.



**Mr. Reed:** The oil companies are taking a very similar point of view.

**Dr. Higgin:** We're finding they are being very co-operative so far in the methanol task force. So MTC's current program is basically to get its hands on this question of using methanol, to convert some vehicles and find out what the performance is, what the drivability is, to find out what the problems are in terms of materials. They're not changing any materials. They're going with straight standard vehicles. They've got a whole range of vehicles. They've got nine vehicles they're going to convert and the older type, 1974 vehicles, all the way through to stratified-charge Honda engines, to fuel injection and a Volvo with the oxygen sensor.

They're trying to anticipate some of the forward-looking trends in vehicle engine design because it's likely to be a few years before methanol is in place and it's no good finding out you can use it in a 1969 Chevy when there won't be any 1969 Chevrolets around when methanol comes along.

**Mr. Reed:** Of course, in fairness, a great deal of that work has been under way continuously for three or four years in Europe. We heard the paper given by the Volkswagen people who had a number of automobiles with different combinations of gasoline-methanol and pure methanol and so on. There are some basic standard conclusions that they have come to regarding pure methanol burning and the fact that certain compression ratios are more suitable, et cetera.

**Dr. Higgin:** Yes. It's very true that the type of vehicle in which you try to use the methanol can lead you to a very different conclusion—if you use it in one type and you try and use it in another. So you have to have a range of vehicles and this is what MTC is trying to do.

The other thing is, of course, that there are significant differences between European and American gasolines and the type of gasoline that Volkswagen was using was very high in aromatics and it's not typical of North American gasolines. MTC are actually having a slightly special blend produced as the base stock for blending for the methanol work.

These are the principal activities that we have under contract with the Ministry of Transportation and Communications. If you're interested in it, the total dollar amount for MTC this year is \$157,000 under our contracts. Of course, MTC, because of our projects, have become much more aware of energy. They realize that it's going to become an increasingly important factor in their everyday operations and in their forward planning.

So they are starting to work now to look at what they can do as a ministry in a much bigger way. I think it's largely because we've created that awareness in them through these types of projects. I think that this, largely, is one of the roles of the Ministry of Energy—to create this awareness and to make energy every government ministry's business. I think that's the way it's going.

**Ms. Bryden:** Just one question, Dr. Higgin, before you move on to the question about urban redevelopment.

Regarding this car pool program that you mentioned, is the Ministry of Transportation and Communications working on car pools for bringing people down to the central complex here, or is it some of the outlying buildings?

**Dr. Higgin:** They did some work last year on the Queen's Park complex, but right now I think that their main thrust is on their own complex at Downsview, which is rather a difficult place to get to using transit. They are also working with some large firms in the downtown area, but not right downtown where they're on the subway; they're out of the centre. They are places where most of their employees use the Don Valley Parkway—places like that. They're working with some of those.

As far as I'm aware they haven't got an active program going on this year in Queen's Park, but they did have a program last year in Queen's Park. I remember seeing the bulletins up on the board in the auditorium out here in the Macdonald Block.

**Ms. Bryden:** But you don't know why they discontinued the program?

**Dr. Higgin:** No, I can't say that I have that information. Does anybody else know? Do you know?

**Mr. Swyers:** Concerning the Queen's Park experiment, the bulletin boards and the packets are still in the lobby of the Macdonald Block and the participation rate is running higher this year than last year, at least at this point in time.

**Mr. Wildman:** That might have to do with the fact that they have to pay for parking.

**Dr. Higgin:** That certainly is going to help. So, it hasn't in fact been discontinued. Rather it's going on and these are new projects that they've initiated this year. That is a matching program, rather than the computer type of program they're running at MTC. If you go along there you'll find people advertising for rides from various points. I wasn't aware that the bulletin boards were still there, but Mr. Swyers confirms they still are.



**Ms. Bryden:** Maybe it needs a little more publicity.

[9:45]

**Dr. Higgin:** Yes.

You had a question I think regarding urban development, was that it?

**Ms. Bryden:** Yes. "We're planning a study of central heating and energy supply systems in urban locations which will lead to energy efficient urban redevelopment," Mr. Taylor said."

**Dr. Higgin:** Yes, there was a news release on this one: I'm sure if we don't have it here we will make it available. This is regarding the study of alternatives for supplying energy to the St. Lawrence redevelopment in the downtown area.

Phase two is the main study area, and they're going to look at a number of options based around what we would call a hydronic distribution system. That means the buildings would be supplied with hot water from some source which would then be distributed by exchange with air into the space.

The options that are being looked at here are district heating, using its own small group plant located right in the development. The other options are the taking of heat—I think the minister has referred to this—to see if we can use the main trunk sewer that runs along Front Street as a source of heat. Strangely, it operates around 69 degrees all year around. We'll see if this can be used for a large heat pump, as a source of heat—to draw heat from it and reject the heat into hot water, which should then be piped around the development, with a boost if it was required to boost it a bit higher.

You have a slight problem in that the optimum efficiency of the heat pump when you're trying to reject the heat is about 120 degrees and that's rather low for many types of terminal units in buildings. You might have to boost it.

**Mr. Wildman:** Fahrenheit?

**Dr. Higgin:** Yes, Fahrenheit. I haven't changed over yet!

Then of course, there is one more option which we've got to keep in the back of our minds depending on the timing and this is related to the Toronto district heating study. Probably you've all heard of this.

There was a report prepared by James F. MacLaren in 1971 and it's done the rounds and so on, but it is progressing now to the point that five companies that operate group heating plants, including Queen's Park, have agreed to integrate their steam distri-

bution systems into one network to provide an integrated district heating scheme.

The second phase of this plan is again along the lines of what Mr. Reed was referring to before, to utilize garbage in a district heating incinerator in the downtown area. This incinerator would only be needed if they wanted to expand the steam distribution and take on more customers than those they currently have. The district heating scheme would very well fit with the St. Lawrence Centre in its distance from a number of sites that are being looked at for the district heating incinerator. So that is being kept in mind as well as a district heating alternative.

All of these are going to be compared in this study, doing it on a business as usual basis—the way you would build it if you didn't have any of these options—to compare what the energy benefits are, to compare the life cycle economics of going one way or another versus the conventional heating system. This is the project for the St. Lawrence Centre.

Along the lines of district heating we do have, of course, further study planned for the North Pickering community. The last one was really using North Pickering as a model community in which to assess whether or not district heating looked remotely feasible under Canadian conditions. This is what we would call a preliminary engineering design study.

They would then be progressing the design much further, refining the calculations, looking at the sizing of the pipes and the layout of the system and then refining the capital cost estimates, refining all of the economic estimates so that they would give a much closer handle on it. It's the sort of thing you have to do before committing the very large amounts of capital that would be involved in any district heating scheme.

One other project that is not really in district heating but refers to the use of waste for generation of both electricity and for providing heat is the Hearst project. We're looking there to see if we can utilize about 160,000 tons a year of wood waste generated from five lumber companies. The study right now is in the engineering phase and then we'll be looking at the financing options. The study is going fairly well. In fact, the economics are looking a little better than even the preliminary feasibility study. The scheme seems to be firming up into looking at a 20-megawatt electrical generator with the possibility of extracting steam

to supply to just one of the local industries sort of over the fence.

It was found that in the initial study an error was made in some of the data given to the consultants by one of the companies that wanted steam. They overestimated the amount of energy use and this quite significantly changed the economics of putting piping through the town and out the other side to this company. Now it has come in a little bit in terms of the area, but they're looking at 20 megawatts of electrical generation and they are looking to supply steam to the industry.

Of the two options which are still open, one is that the Hearst PUC will establish an operating authority and become the sole customer for the power. Then that power will be served through their distribution system to the local community. The other option is that Ontario Hydro would contract with them to buy the power on a 30-year firm contract basis and would afford the facility some capacity credit as well as paying for the energy. Ontario Hydro has put such figures forward and right now it is impossible to separate the economics of either one. So we don't know which way it is going to go at this time.

**Mr. Reed:** What would their estimate be?

**Dr. Higgin:** It's not easy to say in terms of a figure, because it is paid as an energy charge added to each kilowatt hour of electricity that the facility generates over a lifetime on top of what they pay for energy. In terms of current dollar terms, I think it comes out close to \$500 a kilowatt based on the initial.

**Mr. Reed:** Per year?

**Dr. Higgin:** No, overall, over a lifetime.

**Mr. Reed:** I'm sorry.

**Dr. Higgin:** Strangely enough, both schemes offer the same rate of return and they are very identical. Right now it's impossible to separate the two at this point. I think that more or less covers off the areas you are interested in, the transportation and the district heating community development area.

**Ms. Bryden:** I think that does answer the question very fully. Just as a footnote regarding my previous remarks about women, I remembered the title that the Crown employees report gives to this measure of participation of women in the ministry. It's called the index of segregation. The Ministry of Energy was 90.4 per cent and the Ontario public service as a whole was 58 per cent.

**Hon. J. A. Taylor:** It sounds obscene.

**Ms. Bryden:** I hope by next year you will have aimed not to have the top figure in the index of segregation.

**Mr. Chairman:** We have approximately 20 minutes left and we have two members who indicate they would like to speak, Mr. Gaunt and Mr. Miller. They can divide up the time.

**Mr. Gaunt:** Mr. Chairman, I'll be very brief.

**Hon. J. A. Taylor:** Keep rolling with the punches.

**Mr. Reed:** Bring on the heavyweights.

**Hon. J. A. Taylor:** The senator for Wingham is a heavyweight indeed.

**Mr. Gaunt:** In any event, I want to talk about the energy conservation program commonly referred to in our area as the greenhouse project. It just happened to be announced during the election campaign. That was purely coincidental.

**Hon. J. A. Taylor:** As a matter of fact, I resisted that announcement.

**Mr. Gaunt:** Did you? Good. Let the record show the minister resisted.

**Hon. J. A. Taylor:** That's right.

**Mr. Eaton:** He announced it four times on the same day.

**Mr. Gaunt:** It was a holiday Monday yet.

**Hon. J. A. Taylor:** I thought any constructive announcement such as that might be perceived as having some political connotation which I despise. I think you'll appreciate that. However, my view didn't prevail and we were stuck with that announcement.

**Mr. Gaunt:** You were pressed into service. In any event, I just wondered if we could post factum get some answers with respect to this particular project. As a matter of fact, I think it does have some merit. The government is now embarked upon a study, I believe, as to its feasibility. A decision is going to be made this fall as to whether or not the project will go ahead. There are some concerns that have been expressed to me and I just wonder if I could get some clarification on the matter.

First of all, the proposed line to transmit the hot water which will be used for the greenhouse operation is going to cost \$1 million a mile. I presume the cost of that construction would be undertaken by the Ontario government through the Ministry of Energy and or the Ministry of Agriculture and Food in conjunction with Ontario Hydro. Once that hot water is out to the site, what happens then? Are there provisions to charge



a fee for service for that hot water, based on the fact that I presume the land will be in private hands? Maybe that presumption is wrong. I don't know. Maybe we should get that clarified too.

**Mr. Eaton:** What land are you talking about?

**Mr. Gaunt:** I'm talking about the land that's going to result in the greenhouse. That land is now under option with the exception of one farm. I think there is still one holdout with respect to that land, but I gather it would be privately owned. Am I wrong there?

**Hon. J. A. Taylor:** Oh, no. I would hope the free enterprise system would prevail. Some people might wince at that but, as far as I'm concerned, we have to bear in mind the industry that's in operation now in terms of greenhouses and the impact of this on the agricultural industry. I think we have to ensure we don't have government subsidizing a government-run program that's going to compete with the greenhouse community in terms of their production.

I'm going to get on to the reason for dealing with products that are principally imported at the present time and concentration in those areas. We can deal with peppers instead of some other more common commodities. In terms of the cost, that's part of the economic feasibility study. The heat production aspect of it is Ontario Hydro. There are basically four components in this. One is heat production. The hydro plant is there and that's where Ontario Hydro comes in. As to the pipeline itself, you mentioned \$1 million per mile. That would involve the private sector; that's our expectation.

**Mr. Gaunt:** That wouldn't be an entire government cost.

**Hon. J. A. Taylor:** No. Then there's heat utilization. When we get into utilizing the heat that is transported through the pipe system, we're into the private sector in terms of the greenhouses. That would be privately owned.

When you get into the demonstration aspects of it, like aquaculture for fish, then that would be Natural Resources. You'd have government involvement there. If you got into actual fish farming, once you get past the demonstration stage, then that would be the commercial production of fish and that would be a commercial operation.

10:00]

I said earlier in these estimates, what really costs a project is when you get the private sector prepared to put some dollars into it;

that separates the men from the boys, if I can use that expression.

**Mr. Gaunt:** With that index applied to your ministry I'm not sure that you can.

**Hon. J. A. Taylor:** That's really what indicates whether something is going to be commercially viable or not. Again, if we don't take some initiative at the government level to demonstrate these projects, then nothing's going to happen. It could be a first.

**Mr. Gaunt:** I think the project does have merit. I believe there's a similar operation in the States, there's a similar operation in Europe, I understand, and I think it certainly does have merit.

With respect to the taxes, as the minister knows, Mr. Chairman, the burden for promotion of the project really resided with the town of Kincardine but the land, of course, is in the township. The township has not been fully informed, I gather, with respect to what would happen to the land in so far as taxes are concerned. Would there be a grant in lieu of taxes? Would the ownership determine that? I presume it would, if it were privately owned, and if it were a commercial farming operation then the market value assessment would apply to the operation and they would pay taxes to the township in the way any business would pay taxes. I presume that is the way it would work.

**Hon. J. A. Taylor:** I was particularly anxious that, not only the town that initiated the project should be fully involved, and I give them a lot of credit for that, but also the township in which the land lies should be involved, and the county. I think it's important to ensure the co-operation of the municipalities at different levels, whether it's county or municipal, in order to make sure the thing works, otherwise you get competition for assessment, as you know, and first thing you know you've got applications for expansion, annexation or that type of thing.

I don't think, frankly, that we should get sidetracked in terms of that type of misunderstanding or tactic. I believe the town took the initiative in terms of optioning land itself within the township. That land, of course, is assessed, and presumably taxation would follow assessment if there are tenants. For example, it would be a municipal initiative in terms of initial ownership and the commercial tenant would have to pay real property taxes so that it wouldn't be a question of a public enterprise if it wasn't going to contribute in terms of taxes to that community. So I don't think there would be any concern there.



**Mr. Gaunt:** In so far as the fish farm is concerned, that part of it would be operated at least in the initial stages, I presume, by Natural Resources. What would be the situation there? Would they pay a grant in lieu of taxes?

**Hon. J. A. Taylor:** Again, if the ownership was with the town, then presumably the investment of Natural Resources in that would include whatever element there was in terms of taxes. In other words, what I'm saying is that if a town owns the land in the township, the town could very well get a tax bill. Then the town would look to Natural Resources and say, "Here, you're our tenant"—I suppose, in a technical sense—"through this agreement that we have for the demonstration project and you should be responsible for what would normally be the taxes."

I would fully expect that that type of arrangement would be implicit in the agreement, so you don't get land taken from the assessment roll without any return to the municipality. It's got to pay its way. Once you get beyond the demonstration project, whether it pays its way or not determines whether it's economically viable. If you're going to get private sector investment in it, you've got to take into consideration all the costs, including taxes.

**Mr. Gaunt:** A final question, and then I'll turn it over to my colleague. When do you anticipate this study will be completed? When can we expect an announcement on this?

**Hon. J. A. Taylor:** In September or October this year.

**Mr. Gaunt:** No later than October?

**Hon. J. A. Taylor:** I'm really anxious, no fooling, to get this thing going and see if it's going to work. If it'll work, fine, let's get on with it. If it won't, write it off and get on with something else. I think you've got to take initiatives in this area.

**Mr. Gaunt:** Fine. I agree. Thanks very much, Mr. Chairman.

**Mr. Chairman:** Last but not least, Mr. Miller, you have seven and a half minutes.

**Hon. J. A. Taylor:** More fresh troops.

**Mr. G. I. Miller:** I've been here before, Mr. Minister, but we had an interesting debate in the House tonight and I didn't want to leave. We can hardly be in three places at once and there are some interesting discussions and debate going on in the House and that's where I've been. I haven't just come in.

My concern is, and I think we touched briefly on it the other day, conservation of energy and the fact that since 1972, we have been picking up gas lines in our particular

area in Haldimand-Norfolk. We have been a main supplier of gas for Ontario, I think, going back as far as the early 1900s or the early part of this century. Union Gas now has the franchise but I think before that there were other companies that had the municipal franchise.

In 1972 or 1973, going back to that point in time, the now Union Gas Company indicated these lines weren't making money and they were leaking. They made a study to justify the fact that they couldn't replace the lines because at that time gas was only 40 cents, and maybe not even that much locally. They were buying lots of western gas. But they were able to go ahead through the Energy Board, with much opposition from the local council, justifying the fact that they could fix these lines; they couldn't finance new lines.

I think maybe that was at a time when they could justify it. But today it looks as if we made the wrong move, from the fact that energy is getting scarcer. We're coming up with other alternatives such as utilizing this line here. We're spending—you say \$1 million per mile for piping?

**Hon. J. A. Taylor:** No, Mr. Gaunt mentioned an estimated cost of \$1 million per mile for the transmission of hot water from the Bruce plant to a proposed greenhouse aquaculture project. That was a rough estimate and the figures won't be known until the actual study is made.

**Mr. G. I. Miller:** How many miles of line? How far is it away?

**Hon. J. A. Taylor:** I'm not sure. I think it's five or six miles.

**Mr. Gaunt:** Just a shade over five miles.

**Hon. J. A. Taylor:** Well, that's fairly close.

**Mr. G. I. Miller:** Anyway, getting back to my own particular area, they are coming in again this year and taking more lines, justifying it by saying they can't supply it at an economical rate. I noticed only by this past week's local press that the city of Nanticoke in the region of Haldimand-Norfolk is opposing the fact that Union Gas is taking service away from, I believe, 50 to 60 people.

In western Canada, for instance—I was out there last year—they are utilizing plastic lines and the government there was subsidizing the farmers, because, as you know they are many miles apart; the distances are much greater. But they were ploughing it in, similar to putting in telephone lines now. They were giving their rural people a break, whereas in Ontario we have been letting the companies pull up the lines in areas where gas has been supplied to southern Ontario for many years.

They had the franchise, and I thought that you had a franchise you had a commitment. The ministry, it seemed to me, should have perhaps given a little strength to the municipality, saying that these lines should be maintained and upgraded, on the basis that we could have utilized energy that was already there and maybe expand its use. Again my colleague had a discussion, I think it was this afternoon, on local gas in Ontario and the rights for independent companies to provide some competition in the field. I think it should be up to the Minister of Energy to give a little assistance there and direct them to see if we can't provide some competition.

**Hon. J. A. Taylor:** Your colleague and I, of course, Mr. Reed, raised in a general way that problem of providing competition for rough persons who may have gas for sale to ensure that the sales market wasn't a market that dictated the price, when the price may not encourage further exploration and development of similar supplies of natural gas. It was pointed out by the chairman of the Ontario Energy Board that the franchise for a municipal franchise that's granted to the distribution company. Changes in distribution and the market are matters that go before the Energy Board, along with rates, of course, and evidence of public convenience and need is very vital at those hearings.

I don't know what you have in mind in terms of further assistance. You've suggested maybe some cheaper type of distribution system when you mentioned the plastic pipe. I don't know how that would meet current standards, or how that type of thing would function, because it's my belief the gas is under pressure and there may be some safety factors that are dictating the type of distribution system you have. There may be other economies you're suggesting that could be worked out.

**Mr. Reed:** Those pressures drop, don't they, as you get down to the final distribution end? Your main line pressure is one thing, but aren't you regulated down as you get into our domestic distribution?

**Hon. J. A. Taylor:** You'd have to be.

**Mr. Reed:** I'm sure you are.

**Mr. G. I. Miller:** I know plastic pipe was being utilized. I know it was utilized at up to approximately 100 pounds pressure. Of

course they had the aluminum lines for the other high-pressure areas. But I know it was being utilized and they were ploughing it in at a great rate in 1976.

I was wondering, Mr. Minister, if you might take a look at our particular area where they are taking the service away from people—they are giving them other alternatives, of course, and they are compensating them. But I think, again, the more you can utilize the resource that we have, I think the better off everyone will be.

**Hon. J. A. Taylor:** I don't think there's any dispute there really. If what we're trying to become is more self-reliant in terms of energy, then I think we have to explore every avenue and utilize whatever potential there is within Ontario. That may mean small gas wells, it may mean small hydro sites, it may mean projects on a similar scale than we had thought economic in the past. I have considerable sympathy in that regard because even the Hydro ads say that if we all save a little we will all save a lot. By the same token I suppose a lot of little production may amount to a lot as well on the production side. So I do have an open line in terms of that type of thing.

**Mr. G. I. Miller:** Would you take a look at this situation and say if you—

**Mr. Chairman:** Mr. Miller, perhaps you could pursue this with the minister afterwards.

**Mr. G. I. Miller:** There is one other thing I would like to point out. I would like to just leave him with this.

I was interested in those comments made just a few minutes ago about wood. But we are always talking about northern Ontario. We have production potential here in southern Ontario, replanting and restocking and wood lots that could be utilized. I would like to point out also that this year in my area one salesman sold 900 cords of wood and he cut most of them himself in Norfolk county along Highways 24 and 59. I just wanted to point out how people are utilizing some other alternatives when the price is wrong for the energy we have now.

Vote 1905 agreed to.

**Mr. Chairman:** This concludes the estimates of the Minister of Energy.

The committee adjourned at 10:15 p.m.

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 Johnson, J.; Chairman (Wellington-Dufferin-Peel PC)  
 Miller, G. I. (Haldimand-Norfolk L)  
 Reed, J. (Halton-Burlington L)  
 Riddell, J. (Huron-Middlesex L)  
 Taylor, Hon. J. A., Minister of Energy (Prince Edward-Lennox PC)  
 Wildman, B. (Algoma NDP)

**Ministry of Energy official taking part:**

Higgin, Dr. R. M. B., Adviser, Renewable Energy Resources, Energy Conservation Gro







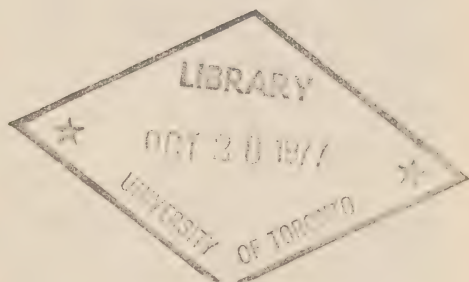


No. R-15

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**  
Estimates, Ministry of Labour



**First Session, 31st Parliament**

Monday, October 17, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.



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# LEGISLATURE OF ONTARIO

MONDAY, OCTOBER 17, 1977

The committee met at 8:05 p.m.

## ESTIMATES, MINISTRY OF LABOUR

**Mr. Chairman:** Now that I've been elected unanimously, I can see that as chairman of this committee it is my responsibility and duty to elect the vice-chairman. Could I have some nominations from the floor, please.

**Mr. Yakabuski:** I would like to nominate Mr. Hennessy, sir.

**Mr. Chairman:** Any further nominations? Mr. Hennessy, you are now vice-chairman of the standing resources development committee. I would just like to advise the members of the committee that the following members will substitute on the standing resources development committee: George Ashe for Al Pope, and Osie Villeneuve for Clarke Rollins. Are there any further substitutions on the committee tonight?

We will call on the Minister of Labour to give us the opening remarks, please.

**Hon. B. Stephenson:** Thank you, Mr. Chairman. Members of the committee, it is a pleasure to outline the initiatives of the Ministry of Labour for the 1977-78 fiscal year.

You will have noted, I'm sure, in your reports, that there have been several changes in the structure of the ministry since I presented the 1976-77 estimates, the major change being the creation of an integrated or centralized occupational health and safety division.

This restructuring has placed additional demands on the staff of the Ministry of Labour, and I would like to express my thanks to each staff member here, and those who aren't here as well, for his or her contribution and patience for what has been a particularly difficult period.

Special thanks are due, I have to tell you, to the senior staff of the ministry. Many of those who are senior staff are present here and will be assisting me in answering your questions.

Perhaps before I proceed further I should point out to you that the deputy minister, Mr. Armstrong, is at my immediate left; Dr. Rodney May, the assistant deputy minister, occupational health and safety, at his left; and Mr. Vic Pathe, executive director, industrial relations and Mr. Paul Hess, legal coun-

sel to the ministry. In addition, there are a number of important ministry staff members sitting at the rear of the room whom we will call upon at the appropriate times.

If you turn to the explanatory material for the 1977-78 estimates, I would ask you to remember that the format of the material has been modified—I hope improved—to assist members of this committee to examine ministry programs and the attendant costs of those programs. Last year program descriptions related to vote numbers specifically. This year the descriptions relate to item numbers rather than vote numbers. I trust that this additional detail and precision will be of assistance to the members of the committee. Wherever possible program descriptions include specific initiatives for the 1977-78 fiscal year.

If you turn to page 89 you will note that the ministry total estimates is \$34,278,000, which is an increase of 48.3 per cent from the 1976-77 estimates of \$23,118,000.

I should point out to you that the 1975-76 and 1976-77 data have been reformulated to incorporate responsibilities which were transferred to the Ministry of Labour late in the year 1976 in order to make these three years comparable. The total to be voted in these estimates is \$31,768,000.

This additional funding, as you will recognize, is necessary not only to carry out the ministry's usual or traditional mandate but to implement the new initiatives specifically in the areas of occupational health and safety and industrial relations and human rights. I am going to focus on these three program areas because they consume the bulk of the additional funding requested. The largest single increase which you will note is in the occupational health and safety division—vote number 2304, items 1-4 on pages 55-70. The estimates indicate an increase of 83 per cent to \$17,728,000 from \$9,651,000 in the 1976-77 estimates. This increase reflects the ministry's strengthened commitment to create a safer and healthier workplace for the workers of this province.

The ministry proposes to accomplish this goal, which is a long-term goal, with a preventive rather than a punitive philosophy. I believe firmly that the punitive approach,

which would have to rely on vast armies of inspectors, will not achieve the success which we hope to reach.

Philosophically and indeed pragmatically, the occupational health and safety effort can succeed only when every single citizen of this province, whether the collar is white, blue, pink or non-existent, takes individual responsibility for creating a safer and a healthier workplace. Each person, I believe, must understand the legislated standards, must implement them in the individual workplace, and must press for improvements where those standards are not being met.

The ministry's responsibility, as I see it, is to develop and to establish those standards and to assist individual employees and employers to implement the standards by providing technical assistance, by consulting with those employees and employers and, when necessary, by prosecuting violators of the standards. I truly believe that the results of this kind of approach will be far more beneficial and a great deal more effective in achieving the goal that we have set for ourselves—safe and healthful work places in this province.

Administratively, the occupational health and safety division is under the direction of the assistant deputy minister, Dr. Rodney May, to whom I introduced you a few moments ago. The creation of this new division from units formerly within the Ministry of Labour, but also within the Ministry of Health and the Ministry of Natural Resources, has been one of the major accomplishments of the ministry during the past nine months, a significant period of time.

Within the division, distinctions are made between the field force, the technical support for the field force and policy development.

The field force at present consists of three branches: the mining health and safety branch, the construction health and safety branch and the industrial health and safety branch.

[8:15]

Providing support for these field forces are the occupational health branch and the special studies and services branch. The occupational health branch will respond to the immediate needs of the employers, the employees and the field staff and the special studies and services branch will conduct long-term investigations into specific work-related hazards. The standards and programs branch is to develop policies and programs to identify, to monitor and to control health and safety hazards within the workplace.

I would also draw the members' attention to vote number 2301, item 10, which

deals with the advisory bodies on occupational health and the descriptive material which begins on page 41.

The occupational health and safety division implements the Construction Safety Act, the Industrial Safety Act, Part IX of the Mining Act, and the Silicosis Act, as well as the Employees' Health and Safety Act which was passed last December in the Legislature.

I recognize that there has been some concern that the right to refuse unsafe work provisions of Bill 139 would lead to abuse and I am very pleased to tell you that this simply has not taken place. In the first nine months' experience with Bill 139 the bill has, I think, been shown to be a valuable tool in our occupational health and safety effort. As of September 15 of this year there had been 62 reported refusals to work under Bill 139, and of those 42 have been fully justified. The primary purpose of that legislation, of course, was to provide a mechanism whereby the individual employers and employees could take joint action—co-operative action—to create a safer and a healthier workplace.

As the members of the committee know, the Employees' Health and Safety Act is really an interim piece of legislation to be superseded by a consolidated, or integrated, occupational health and safety Act, which will incorporate all existing occupational health and safety legislation. The new legislation which I expect I will introduce to the Legislature tomorrow, will provide the Ontario worker with standards of protection far exceeding that in virtually any other North American jurisdiction.

But I would like to restate the fact that the responsibility for health and safety in the workplace does not lie totally with the Ministry of Labour nor with government at all levels. It's a shared responsibility—shared among government, employers, employees and the health professions as well. And I do think that we're going to be able to reach our goal in a day or a month or a week, or perhaps even in a decade. But I can assure you that it will be reached and the funds that have been allocated to this program area, I think will be a major step in that direction. You will note that the requested funding for the industrial relations program area, vote 2301, items 1 to 3 (pages 43-47), has also increased this time by about 61 per cent, from \$1,446,000 to \$2,316,000.

As most of you are aware, industrial relations have always been central to the work of the Ministry of Labour in this province. I would suspect that if most citizens of this province were asked, "what does the Min-



of Labour do?" the reply would be "they settle strikes." But gentlemen, that statement is not quite true. The staff of the conciliation and mediation services branch do a tremendous job in assisting unions and management to resolve their differences and to reach a consensus but the branch does not settle disputes; only the parties in the dispute can do that.

Perhaps I could take this opportunity to tell you a little about what's going on in the labour relations field in Ontario right at the moment. By the end of 1977 we expect that about 3,000 contracts would have come up for renewal in this 12-month period, which is somewhat higher average than usual. During the first half of 1977, which is the period about which we have most recent statistics, 27,392 worker days were lost through strikes and lockouts, which is a decrease of about 63 per cent from the comparable period in 1976 when 1,168,290 worker days were lost.

In this province in 1976, 0.20 per cent of the total available working time was lost through strikes and lockouts in the non-agricultural industries. That compares very favourably with the 0.5 per cent during that year in Canada as a whole. But in the first half of 1977 in non-agricultural industries only 0.10 per cent of the total available working time was lost through strikes or lockouts. We don't take complete credit for this exemplary situation because there are other factors that have been involved, but I believe that we have had some effect upon these improved statistics.

I also believe that the collective bargaining process is a very positive social institution in this country. I think any government which causes wholesale changes to that process does so at its own peril.

The philosophy of prevention which we're attempting to introduce and which we hope will be guiding our occupational health and safety effort is really also the basis for our increased initiative in industrial relations. During 1977-78, seven additional mediators will be recruited by the conciliation and mediation branch. In addition, that service will be supported by its own staff of three researchers. Upon completion of training the additional staff will enable the conciliation and mediation service to provide its services in both remedial and preventive ways.

In the remedial category, an improved system of monitoring has been developed whereby key disputes are monitored during the 16 days prior to the legal strike-lockout date. In cases where no meetings are arranged by the parties, a mediator is assigned and he or she—and I'm happy to note we have several

females in the conciliation and mediation branch—takes the initiative in calling a meeting.

In addition to that, in first-agreement negotiations we're monitoring much more closely from the time of certification. We're giving careful attention to the assignment of a conciliation officer. In such cases, a senior mediator is assigned as a conciliation officer, with the request that that mediator stay with the dispute until it is concluded. In one first-agreement dispute this year we appointed a conciliation board, the first in seven years, and I'm happy to report that that conciliation board was successful. A settlement was achieved.

In the area of prevention, the conciliation and mediation branch is developing an appropriate way to be of assistance to the parties during the term of a collective agreement. Mediators are required to include in their reports, at the conclusion of mediation, the state of the relationship and other relevant matters. Where necessary, the mediator contacts the parties during the agreement to offer assistance in analysing and hopefully improving the day-to-day relationship between the employer and the trade union. In addition, there frequently can be some early exploration of issues which could prove to be troublesome when the time comes up for contract renewal.

Efforts are being made as well to assist the parties and the general public to better understand the process of mediation and the function of mediation. To this end, the ministry has had a film produced demonstrating the mediation process. The film is called "Mediator"; it is approximately 40 minutes in length and is now available to labour groups and management groups and any other interested parties.

We conducted a day-long seminar for approximately 40 reporters from all parts of the province just last week in order to more fully acquaint them with the process of industrial relations and there was a showing of the film at that time. I think it was very well received by those who viewed it.

**Mr. Mancini:** Julian is looking for work.

**Hon. B. Stephenson:** Is he? Again? We might consider using him next time; okay Julian? I'm not sure which role; you have to see the film to decide which role you'd like.

**Mr. Reed:** And I won't be accused of using any pull.

**Mr. Chairman:** Let's have a little order here.

**Hon. B. Stephenson:** Mr. Chairman, a highly skilled conciliator or mediator can, and in most cases does, assist the parties to reach a consensus. But there are times when the conflict is too profound to be resolved within the context of mediation and conciliation.

In those cases, consideration is given to the additional techniques which have been developed within the ministry such as the appointment of special officers or disputes advisory committees or industrial inquiry commissions.

The industrial inquiry commission, as the members of this committee very well know, into the bargaining patterns and the construction industry—that commission report known as the Franks report—is an example of the role of such commissions because that role has been incorporated into Bill 22, which we discussed this morning.

But there are times when even these legislative measures are not sufficient. One of the root causes, it seems to me, of industrial disharmony is frequently the lack of real psychological satisfaction derived from the job which the worker has. Studies have shown that there are many Canadian workers who see their jobs not as vehicles to self-satisfaction or self-fulfilment, but actually as obstacles to that goal. It's quite obvious that dissatisfaction of the individual worker with his job may very well lead to conflict between the worker's union and management.

A few progressive companies in Canada and in other jurisdictions have taken steps to attempt to resolve this difficulty in the hope that it will provide all employees with a more personally satisfying work environment and therefore will lead to more harmonious labour-management relationships and improve productivity.

Because my ministry wishes to know of such experiments, we have formed a committee whose task it is to collect information about such procedures, such processes and experiments, in order to disseminate the information throughout the entire province. The committee is made up of representatives equally of labour and management and is chaired by the deputy minister. Although this committee has just begun its task, I'm confident that the results of its work will be of great help to a very large number of employers, if not all within the province, and practically all employees, in working towards a more satisfying and productive workplace for the workers of Ontario.

The third program area to which I really should draw your attention is the human rights commission, which is vote 2307, items

1 and 2, pages 79 to 82. As the program description indicates, the purpose of the Ontario Human Rights Commission is to protect all citizens from discrimination, based on race, creed, colour, sex, marital status, nationality, ancestry, place of origin, or age, as long as that age falls between 40 and 65.

The 1977-78 budgetary estimate for the Ontario Human Rights Commission is \$1,377,000, an increase of approximately 11 per cent from the 1976-77 estimates of \$1,247,000.

The major undertaking of the commission during the past year, as you all know, was a thorough review of the Ontario Human Rights Code, including public hearings throughout the province. The report which was the result of that Code review has been made public and is now under active consideration. There are, of course, a large number of other ministry activities and programs, but I will not take the time right now to give you detailed explanations of their role. However, we hope that you will ask questions and we will be very pleased to try to answer those questions fully.

In conclusion, Mr. Chairman, I would respectfully submit to this standing committee the estimates of the Ministry of Labour for the 1977-78 fiscal year.

Thank you.

**Mr. Chairman:** Thank you very much, Madam Minister. You've been so thorough in your report here I don't think there's any need for any further discussion. We can just go ahead with vote number one, I suppose. Mr. McNeil, did you want to say a few words?

**Mr. O'Neil:** O'Neil. The name is O'Neil.

**Mr. Chairman:** O'Neil, I'm sorry.

**Mr. O'Neil:** We have to travel together all around the province.

As the leadoff speaker for the Liberal Party and as the labour critic, Madam Minister, I would like to thank you for your opening comments and to mention that we feel it is a very important time for the Ministry of Labour, especially with all the problems that we are facing. You have covered some of them under your opening statements. But it is especially a time when we are faced with record levels of unemployment and a disappointingly high inflation rate, and also a time when there is very limited room for manoeuvring.

I notice that no comments have been made as yet about the AIB, but with the present discussion as to whether or not the AIB should be disbanded and what, if anything, should be put in its place, I would like to mention that you mentioned the record of the



Ministry of Labour and the reduction in the number of hours lost through strikes. But I would like to impress upon the members here that one of the reasons that that number is down the way it is, is because of the present setup with the AIB.

8:30]

We are worrying what will happen once the AIB is removed, whether it's removed very shortly or within a year's time. The concern, as I say, is that when the anti-inflation controls are removed the situation will worsen, with everyone trying to catch up. As mentioned by one of the newspapers in the past, when we chase to catch up it starts a futile spiral—wage increases which produce price increases which produce wage increases—and as the government prints more money to meet the demands of inflation the overwhelming majority steadily becomes poorer.

This is a worry to us. It is hoped that the rapport that has developed between the leaders of organized labour and the business community during the discussions over controls may lead to a permanent forum for consultation on economic problems. I, for one, am pleased to see the extra emphasis that you have put on the industrial relations program—the increase in budget and also the additional staff that has been added to it.

It has been our belief for some time that the adversarial system has been overused, that some of the unions and managements have become so alienated they have lost track of the fact they are all workers and ought to be talking to each other to obtain useful compromises.

We believe it is in the interest of all to recognize that they have common problems and must tackle them together, and again you have shown this in some of your suggestions here. We as a party would agree with the basic motivation of the labour movement to bring greater measures of economic security in all forms to the people of this province.

During the discussion of the estimates we will be raising questions concerning the industrial relations program, the women's program, the occupational health and safety programs, the employment standards program, the Ontario manpower co-ordinating committee, the Human Rights Commission, the Labour Relations Board and some of the other matters that will be discussed at that time. As I say, we will be referring back to those rather than taking too long in opening statements.

I think it is our wish, as we go along to the different votes, to ask questions of both ourselves and the ministry people to come out with a clear picture. Thank you.

**Mr. Chairman:** Thank you very much, Mr. O'Neil. I'll now call on Mr. Bob Mackenzie of the NDP.

**Mr. Mackenzie:** Madam Minister, my remarks are going to be reasonably brief in this opening statement. I am impressed by your grasp of the ministry and your accessibility, I might say. I have much respect for some of your staff, but at the same time I'm appalled at what do appear to be some of your biases.

A year ago I stated that my own experiences and perceptions, and I think that of many others in the labour movement, were that the Ontario Labour Relations Board still tends to support a status quo or master-servant relationship. The minister can disagree if she wants but that's a feeling that's held by many leaders in the trade union movement and certainly by many activists at the rank and file level in the union movement.

They see it as still, if not company or management inclined, certainly not something that is necessarily their board. I always wonder why we don't try to establish an Ontario Labour Relations Board that does conjure up an image to the working people of the province as a friend and protector of workers. I may have the wrong approach entirely, but that's exactly what I think the Labour Relations Board should be and what the Ministry of Labour should be taking a look at.

I watch the statements that are made around the province and we have a very tough and businesslike Treasurer who certainly puts the case, even if he occasionally takes them on, but certainly makes the case for the business concerns in the community. We've got an industry, trade and tourism ministry that helps and advises and assists industry. Really what I'm asking is, who speaks for the workers in this province? I want to try to underline that in more detail as I go along.

I want to get back to your perceived bias because I think it's an issue that we can't back off from. I think there's nothing more popular today, among business people and chambers of commerce—I just finished reading one of their letters to us—and some of the old party politicians, than union- or worker-bashing in this province. The Treasurer of this province (Mr. McKeough) engages in it fairly regularly.

I was personally disappointed and surprised, I might say, to see you engage in what I consider to be the same cheap tactics. The minister is quoted in the *Toronto Sun* of September 29: "‘Japan Right’ Says Stephenson," saying she's not surprised that Japanese businessmen don't want to invest in Ontario because of low productivity and high wages



here. Under the heading "Japan Right," Dr. Stephenson, the minister, goes on to say that Ontario's productivity has not kept pace with wage increases in the last 20 years in the province.

Without spending an awful lot of time on this particular issue, I think that there are a few factors which should be acknowledged, and acknowledged very clearly. I don't think there's any doubt in anyone's mind as to why the Japanese would comment as disparagingly as they did on our productive capacity or ability. They depend basically on cheap import of raw materials and on the manufacturing remaining high in Japan.

They don't really want, and can't afford, for us to increase our share to any large extent and surely the roughly 95 per cent of raw materials that we ship to Japan and the 95 per cent of finished products that come back into this country tells a tale. Here at least, in the shipments of raw materials, the Japanese think we're marvellously efficient. If you add to this the system of industrial benevolence that they have over there—i.e. protect workers and their families for life, often at the expense of wages and mobility and, until recently, the deplorable safety standards—you can understand their priority, which certainly needs to discredit competitors. Also, I think our productivity is affected by roughly 80 per cent or less utilization of our manufacturing capacity. We've had large incentives tax-wise to industry with almost no improvement in this field in terms of jobs for the last few years.

I couldn't help but—I think it was this morning—pull a piece out of the Globe that caught my eye. I don't know whether Eric Kierans is now discredited, but the heading doesn't really speak to the piece itself: "Big Firms are Criticized for Attacking Government." He said: "There has never been such a period of unparalleled growth in assets and incomes in the corporate sector as that obtained by the 311 largest corporations in Canada. Equally, there has never been such an outpouring of hostility towards elected governments. The irony of the situation is that the corporations have profited because of government policies and have given them the power to curb potential competition." He goes on to say a number of interesting things here, including the huge sums—\$1.6 billion in 1973-74, for example—for exploration and development investments that they were able to write off.

Certainly, we seem to have tax legislation that is to the relief at least of the business community. Surely economic policies in this province, and in this country, which stress

export of raw materials and aided and abetted by government compliance with increasing foreign ownership—and you just have to look at FIRA to see how many times they're objecting to a takeover today—inevitably mean that employment decisions and productivity decisions aren't necessarily made in or to the benefit of Canada and the province of Ontario.

Could the minister explain what the workers have in production planning when we talk about the productive capacity of the workers in this province, when they don't have anything to do with work scheduling? Management in this country wants workers to do what they're told, and let there be no misunderstanding about that in the major plant today. If they're not doing what they're to do and have no say in the decision-making processes, can these same workers really be held accountable for low productivity where it does exist?

Has the minister, or the ministry, or anyone else in this government, tried to really measure productivity, given all of the factors, and if they did would we really look so bad? I don't think so. Certainly I know myself that most steel auto workers in this country are as productive and as efficient as any in the world. I don't think there is a more productive industry than the steel industry in this country, and in particular in Hamilton.

I think, as I said a year or two ago, I don't know the figures for the last two years maybe it's three now; time goes by awful quickly, but I can recall some research during one of the federal elections that I was involved in that showed for nine consecutive years we've had a decrease in the unit cost—the labour cost—per ton of finished steel and it certainly says something about some of the arguments we get about costs. I suspect, incidentally, that tradesmen in most other industries are comparatively as efficient as you'll find auto workers and steel workers in this country as well.

What I'm really saying is that workers and unions are getting a dirty deal. Union-bashing, worker-bashing or productivity slackers seem to be some of the favourite topics today. They're the charges certainly that are going around anyhow, and in my opinion they're either a defence or an excuse for rather narrow economic planning policies of the particular government. When you don't respond fast enough to the workers' needs or the people's needs and when we get the kind of unemployment we've got, then obviously it seems the best defence is to attack at the first person who seems to get nailed to the worker.

We see arguments over what we're doing with our wage increases and our low productivity and so on, which in most cases the workers have very little control over. It may be fashionable to attack workers, Madam Minister, and whether you realized you were doing it or not I don't know, but it certainly didn't, in my opinion, do you any credit and I suspect it didn't do you any credit in the eyes of the workers across the province when those kinds of statements came out in the paper.

I think I'm echoing to some extent some of the comments made very briefly by Mr. O'Neil here, but before we take too much pride in improvements in time lost due to strikes and in settlements achieved through collective bargaining in the province, we'd better be pretty frank with everybody and realize that the entire labour relations scene, the entire collective bargaining process as we know it in this province, has been thrown out of kilter by the aberration known as the AIB.

This wage control program—and there's no question of my biases; I say "wage control" and I say it deliberately—has been one of the most unfair and, I think, vicious pieces of legislation we've seen in the labour field in this particular country of ours. When it comes to workers, there have been literally hundreds of millions of dollars in rollbacks or lost wages. When it comes to unfair prices, I suspect it's no more than the low tens of millions of dollars, and whereas the worker feels that rollback immediately, and that's purchasing power in this community of ours, companies—the few that are caught, the few that are nailed—in many cases just simply defer a price increase until a little later. It's interesting to watch some of the decisions coming down.

I don't think there's a group in society that has been more effectively blackjacked in the last year or two than workers. It's pretty obvious, given the results—continuing inflation in this province, staggering unemployment, and I think it is staggering—that the program hasn't worked. What may be very bit as disturbing and may have some serious long-term effect is what it's doing, that's happening to the workers.

First, I think it's destroying a heck of a lot of their trust in the integrity of government, the way the whole program came in and the way we've hung on to it up until now. Secondly, there's going to be a desire for justice when the program comes off and some of it's going to be in the form of catch-up. Anybody who says otherwise is kidding myself.

Thirdly, if we're basing either our hopes or our planning on current figures in terms of man-days, forget it. The picture is not a true one because the decision to fight or not to fight for a fair share of the profits from any particular employer was not based for the first time in a long time in our country on the possibility of justice, on the possibility of getting a just settlement, but was based on a rather defeatist attitude, which is also fairly prevalent if you go among some of the trade unionists, of, "What's the use? We can't buck the entire government. There's just no way that we can win." Or, "We can't buck it. No matter what we do, the AIB is going to roll it back."

"At least," any—well, I'll use the word—"at least," any of the rednecks say, "we succeeded that far, you know. We've slowed them down to that extent," those who just seem to have the feeling that unions are responsible. I ask you to think for a minute of the kind of effect that that kind of despair has on any confidence in government and in our particular political system and the willingness of people to defend some of the things that most of us hold pretty dear. I hear we're asking for a real serious blow-up down the road. Surely this ministry, if any friend of labour, should have been and should be working like mad to get rid of that controls program?

I want to deal just a little more with some of the reasons why I think the Labour ministry still has a long way to go in terms of the workers' perception as to whether or not it's a friend or foe or just some kind of cold, indifferent and rather unmovable neutralist in this whole situation.

What are some of the major labour problems in Ontario in terms of their effect on workers and as ongoing irritants to the labour scene? Madam Minister, I'm going to try to be brief but I ask you to listen carefully and I do plead for your understanding and hopefully some action on some of the points that we'll make.

#### [8.45]

When will this province take as elementary a step in terms of labour peace and protection of workers' jobs as the outlawing of professional strike-breakers? I don't know how long we've been waiting for some action there. The minister herself has said that there wasn't a misuse of the safety legislation. I didn't think there would be. I want to comment briefly on that a little later and on a meeting I recently attended, of stewards involved in the bill, in Stelco at the invitation of the union.



Certainly one of the things we have to do is get away from the professional strike-breakers that we've got in this community. I don't know whether the minister understands the strength of feeling on this issue among the activists in the trade union movement. There are innumerable examples I could use, but I can't help but come back to one of the small plants that I raised in the House and that's the Custom Aggregates quarry at Aberfoyle.

I haven't had a call back from one of your ministry people. I was expecting it. The decision may be down. The union may be decertified or may not. I do know that this province even went so far as to license for six months an out-of-province firm to bring in uniformed security officers to break a legal strike of some 10 or 12 very decent—if you meet with them—and very stable residents of the community, who really were asking for little more than some security of tenure, because the company they were with had the habit of bringing in workers from other quarries and letting them go when they wanted to, really without any protection as far as the workers here were concerned.

If I might borrow a phrase that's so often used on workers—the workers' goon tactics, as I've heard many times—where is the justice if company goons are allowed to operate, because this is exactly what professional strike-breakers are, with the tacit support of the law in this province?

When is this ministry going to do more than either study or wring its hands in despair over one of the greatest problems today, and you've referred to it briefly in your opening remarks, and that's of a first agreement, particularly where it is a small union or unit? I've talked with your own ministry people and they acknowledge, as you do, that it's one of the main problems. Yet, Madam Minister, I don't really see the action on this particular issue.

Surely if workers are able to finally overcome the opposition of an employer who doesn't want to be organized and are able to receive certification, a majority, surely they should have the rights that that organization gives them—the rights not to be stymied by that same employer's refusal to bargain in good faith? We've certainly got to take a look at exactly what we mean by the whole good-faith words, because right now that's all they are, words.

Surely having won the right to collective bargaining, the ministry has enough expertise and concern to see that the unit achieves a first agreement? We can control all of the

workers in the province with a control program, but we can't seem to control an individual employer to the extent that he must at least obey the law and bargain in good faith. We can argue we don't know what good faith is, but there are too many agreements not achieved. Once again, we have quite a list of them. I won't go into them or we'd be here all evening just on the opening remarks.

What, Madam Minister, are we doing about the escalating problem of takeovers and run away plants where the workers are left high and dry after 10, 15, 25 years of service? These same companies will often say, "Look we might take you on at a new plant as new employees."

Let me just refer for a minute—I brought them with me but I won't try to look them up—to a recent letter we sent out about the Kennametal plant. We didn't send it to you Madam Minister, but it concerned a small plant in Hamilton which was part of a conglomerate which had bought out a plant here in Toronto. First thing they did was put notice up on the bulletin boards telling the workers—and they were happy, the initial reaction was one of happiness—that they were consolidating their position, they were buying out, I think it was the Whitman plant here in Toronto, and that obviously they would inform the workers or give the workers more details later because it had to receive approval from both the British and Canadian governments.

The next notice that went on the bulletin board some three months later was a notice—and this is, of course, what tipped the employees off—that the superintendent of the Kennametal plant was moving to the plant in Toronto, as, I think, assistant superintendent in that plant. A week following that a third notice appears on the bulletin board saying that as of November—I think it was November 17 coming—they were finished, but that they were being kind to the employees, they were giving them more than the necessary notice, they were letting them all know in advance.

Then they added a little sweetener. They put up another notice simply saying that they were finished. There might be a possibility of some of them getting jobs at the new plant or at the plant that they'd taken over, but it would be as brand new employees. They even doubted, when some of them questioned the supervision in the plant about it, that they might have a chance of getting a job at the new plants. They also said that they were going to give them an additional two weeks



severance pay, on the basis that they stay until the last day.

One of the more enterprising young lads, who since has a job, got up on his hind feet and said: "Hey, you know, you are leaving us." This particular chap only had six years here but there were others with as many as 4 years in that plant. When he got up and said, "What gives? If we are able to get a job, do we then lose the two weeks' severance pay?" He was told, very clearly, "Yes." So they were penalized even for the effort to go out and get another job in that particular takeover.

The letter we sent was to Chretien, who I guess, since has left that particular portfolio, but with a copy to the Minister of Industry and Tourism in this government, and asking for information which, when you check, you will find you can't get: What information does FIRA give when it allows a takeover like this? Was there any consideration at all? In the first place, did this company, Kennametal, which is an international conglomerate, tell the government when it applied for the takeover that it would mean losing that plant down and with the loss of most of the jobs of 37 production workers and 16 office workers? And if it did tell the government, why wasn't there some provision in the takeover?

There are a dozen examples we could see; that's just been one of the most recent ones I have been wrestling with a bit. I know that the union is in talking to management on it and trying to get some concessions for the workers there, but there is a whole broad principle at stake here. What are we going to do? Is it simply all right for a company to cut the fat, reduce costs and either be more competitive or make more profit? It sounds good. Maybe we could buy that. But at the same time doesn't there have to be an obligation to the workers who have given their lives to building that bloody plant? We just don't seem to have that anywhere in this particular province.

I guess I should have looked a little further, because some of the information and some of the notices that appeared on the bulletin board are right here in the letter that we sent out on that particular issue.

I am sure the minister is aware of continuing problems in two other key areas, and I think they are areas to which the minister and the ministry are sensitive. I refer to the Workmen's Compensation Board and industrial health and safety. We do have problems even with Bill 139, Madam Minister. I hope we will get into that when we come to the estimates. I am not going to deal with it at

great length now but I have had some material turned over to me.

I want at this time to give you one indication of how seriously I think most of the unions are taking that particular bill. Let me tell you, my boys in Hamilton are crucifying me for not sticking with the removal of that reasonable cause in terms of refusing a job. We wanted it out originally. We agreed to leave it in. The company in Hamilton is stretching that reasonable cause in issue after issue, and what happens is that the workers get sent home when they refuse to do a job. Two or three weeks later they get an apology and the company pays them, but it's a form of harassment that's going on.

I was at a meeting the other day with some of the union people, one of the stewards, and one of the safety and health people. Dave Tims, a very dedicated and efficient guy on the safety and health committee of that local—said: "Look, you play around with this bill and I am the first guy that is going to nail you. I am going to report you before the company supervision does." Two or three of the workers blew their cork at him at the meeting and he came right back and said: "I meant what I said." I want to tell you that I backed him up as well. Generally, I think, the feeling is to make it work.

I am suggesting that if we have had the good results, the little misuse of it, which you say we have had up until now, then it's time we set up some committees and tightened up the workers' rights to refuse because in most cases they know whether or not that job is safe or unsafe.

How can the minister be happy about the women's issue in the labour field? I'm delighted to see that we may have some new women in the employ of the Labour ministry, but I recall the brief debate on this issue in previous estimates. I brought them with me. There seemed to be an understanding and a commitment by the ministry to deal with the inequities between men and women in the work place. But, in fact, what is the situation front and centre today? We have a number of examples we could use individually. One is the plight of public health nurses for even an approach to parity in their negotiations. We certainly saw the lack of clout of those women who work for a little answering service for the medical profession.

If I can digress here for a moment, I do appreciate the minister's willingness to meet with this small group or a small group representing them. But what I have to ask myself—I raised it in the House; maybe others did too—is why, when these people

came to me, they told me that an individual in your ministry had said they could not meet with you and arrangements for a meeting with you couldn't be made. It might be that you should check into that because that's exactly why I raised the issue in the House.

Even more telling, I think, is the recent headline in the *Globe and Mail* of October 13: "Dollar Gap between Men's and Women's Earnings Still Growing." It's a pretty effective and devastating story and appears, according to our research people, to be fact. We are not narrowing the gap; if anything, the gap in wages between men and women is growing in our society and I don't think it's good enough for conferences, for memos, or for token appointments.

What I want to know is, does the Ministry of Labour not have a responsibility to see that something is done? I might, Madam Minister, refer to your own statement, I think in the estimates, at page 2752, of last year, where you spent some little time dealing with an affirmative action program. I am not going to read your comments here, but your efforts in this particular field and what you call your affirmative action program in dealing with some of the problems with women in the work place are not very effective.

I think the question of hours of work and compulsory overtime should not still be up to those unions that are strong enough to fight for a break in these particular areas. I think in the light of our employment situation that may be one of the things we should be looking at—and in the light of a growing boredom in some jobs, particularly on assembly lines, the repetitive boredom of some of the jobs.

Why is it that only those unions that seem to be strong enough to pioneer in this field—the UAW, their recent gains in their contracts with additional time off, steelworkers' extended vacations, still much too limited, or the IBEW, the electrical workers, in the recent agreement—whether we like it or not, went for a principle of extending employment because of the problems of unemployment in the construction industry. Why should they always have to pioneer? Why can't this ministry take a look at whether or not it is time that we urged an end to overtime, or time and a half after 40 hours by law, or take a serious look at a shorter work week in this province?

I'd like also to know what happened—and I may have missed something here—to the Kelly investigation into delays in the whole field of arbitration. Is that report down? Where is the report? When will we have

some concrete recommendations on this continuing problem in the field of labour relations?

Has this ministry any plans to deal with the need for more craftsmen and make better use of apprenticeship programs? I happen to think it's an area that may cut across some ministries, but that we should be going a little more about as far as the Ministry of Labour is concerned. Why can't you take a lead in the area of certification of hydro linemen, miners, butchers?

I know that in arguing this with one of your ministry people the other day, he said "Hey, look, we got a bit of a split between two of the major unions in this field, but you union had a brief in urging the certification of butchers. How come a steelworker local was involved?" It just happens that we inherited a few Dominion Stores employee from District 50 when we merged with that particular union.

There is a desire for the establishment of trades, and I think an area in terms of practical apprenticeship, practical training, practical development of trades in this province. You know, Madam Minister, the window dressing of setting up a board or a committee—and I am being very clear about it, the thing that is annoying me at the moment is the Industrial Training Council—to make recommendations—recommendations which, even when unanimous, apparently aren't accepted by the cabinet in this province—is really making a mockery out of some of the procedures that we are using in dealing with these particular problems.

When will the chairman of the Labour Relations Board come from the ranks of labour? Must it always be a lawyer or an academic? Wouldn't that be a good particular move? You would not appoint a layman to the Supreme Court, I'm sure. I don't know whether that's a good comparison or not—a lawyer or a judge obviously goes there—but we seem to get either lawyers or academics as chairmen of the Labour Relations Board. Why not, for once, someone who knows and understands labour from the inside?

Where Crown employees under CECBA do not have equal rights with other employees under the Labour Relations Act, doesn't your ministry have an obligation to say, "Why not?" and take a serious look at this particular area, because it is an area of concern? We are currently dealing with a bill on succession rights that the minister responsible said in the House was supposed to work both ways, but was temporarily held up—I am referring to Bill 4—simply because, in fact, it doesn't work both ways. He did move an amendment



that we will support in the House, although it is only a half step forward, but on the basis that no way was the government going to make a look at amending CECBA at this point in time.

[00]

I think the Labour ministry has an obligation to say, "Hey, if something's not fair here in the field of labour relations we should be taking a look at it and at least making representations through the cabinet to the other ministries."

When—and this was raised briefly in the House today—are we going to see an increase that you promised yourself—at least I took it as a promise in the House over a year ago—the minimum wage? It's not an issue I've backed off from, even at \$4. Certainly the present \$106 per week is an insult and it's not going to encourage anyone in a desperate plight to leave the security of welfare, however repugnant that may be—\$2.65 per hour. When we have a wage level like that in the minimum wage and when it is, I think, the second lowest province in the entire country from whom are we protecting? Obviously, yes, we're protecting maybe the tourist industry and some of the manufacturers. But we, sure as hell, aren't protecting the workers. I'm wondering at what stage of the game we'll begin taking a look at the kind of wages that are paid in this province.

One can't help but ask at the same time about the plight of the majority of waitresses. Is your ministry still considering an even lower rate for these workers on the basis of tips? I would hope not. If you do, how do you protect those who have the guts to work hard and hard, who struggle to maintain a home and in many cases support a family and still maintain some dignity but do not receive tips—those, for example, who are not privileged enough to work in the classy joints in town?

I don't know whether you read—I hope you did—the brief, and I don't hold with everything they have said, submitted by Ellen Gagar of the Waitresses Action Committee. There are some darn good points made on the kind of situations they're up against.

I think that there has to be some concern for security here. If, in spite of our appeals, the ministry is not going to take a look at these wages or is still thinking of a further differential where workers receive tips, then what are you going to write into the legislation to make damn sure that the vast majority of waitresses who don't make the big extra money in tips are going to have some kind of protection? Certainly that

should be your first emphasis and not just looking at assisting the tourist industry by a further differential in wages to waitresses and these kinds of employees.

Last year I raised the question of domestics and the exploitation that goes on in this occupation. It shows up in page 2845 of the estimates. Mr. Skolnik, I think it was, said that you were that month initiating a study of wages and hours of work arrangements. I presume you have some information for us and that we'll hear it during the course of these estimates and what course of action you're going to take to protect these people who have no right to organize and are not even covered by the employment standards in the province. Certainly they are an exploited group.

I raised the question of the student differential and the minimum wage. You said a study was going on but not completed. That's on page 2845 of the estimates last year also. I am wondering if you now have some answers for us as a result of that study that was going on. I asked about additional research in the department and about the effect of bonus and incentive rates on safety and health. I haven't yet heard anything on that and I'd appreciate hearing what you've done or what you're going to do on these particular items.

Are you basically opposed also to paying a worker while he waits for the winning or losing of his arbitration hearing or his benefits from the Workmen's Compensation Board? I want you to think about that. I recognize that that would probably be thought to be a little bit radical, but in the case of a discharge or a suspension, why should a man not be paid and the onus put on the company to prove the charges? He is innocent until proven guilty. If they had to pay until a decision was handed down, we would probably not have nearly the amounts of delays in arbitration that we have, we'd save the public purse a sizable amount of money and, most of all, we would probably provide more justice with a more careful and concerned management in this province of ours. I don't think that that's as far out or as far-fetched as it sounds.

Some additional issues I raised a year ago dealt with the likelihood of short-term contracts as a result of the AIB. The minister responded on page 2843 that there was a ministry—I quote you exactly—"sensitivity to that possibility." Has there been any further investigation or action as a result of that sensitivity? I suspect it shows up in the information you gave us about the problems we are going to have with almost 3,000 con-



tracts coming due. I suspect that's one of the reasons for some of the short-term contracts that were signed because of the AIB and why we're going to have a very serious year of labour negotiations.

Another issue that's close to my own heart and that I raised—I'm not sure that it's entirely your ministry's responsibility, but certainly your ministry has a responsibility in this field—that's the question of those with employment disabilities or handicaps. My perception, in my riding at least and from presentations that are made to me from across the province, is that these people aren't finding it any easier to find employment and, boy, they've got enough strikes against them to begin with. I think this ministry has a responsibility in that particular field.

Three or four other minor points in just winding up: I had a recent letter, you may have had a copy of it, from a carpenter, that I want to read to you. This might tie into some of the comments that I was making about some of the apprenticeship programs. He says:

"Dear Sir: Last week, while attending the booth occupied by the London and District Council, two things were pointed out to me which I would like to pass on to you. The first matter was that it had been reported in the Kincardine paper this month that there has been advertising in England for engineers and other staff for employment at Douglas Point. It was further pointed out that any applicants were being offered forgivable loans to meet their expenses of moving to Canada.

"The second matter was that 40 per cent of the heavy equipment operators working on the Highway 402 project are from the United States. To further make this matter unacceptable, it was pointed out to me that heavy equipment operators in Ontario need an Ontario licence to be able to work at their trade; however, the operators from the United States are not required to, and are working without the necessary licence.

"I have not had the time nor opportunity to check all of these facts personally, but have no reason to disbelieve the people who have informed me of them. Therefore, it is disturbing news to me to hear of situations such as these and I am sure there are more of them that are happening when the unemployment problem is as it is in this province of Ontario. I am enclosing a notice that was sent out to the local unions from the London and District Council and there's a notice attached to it."

I'd like to know what the ministry knows about a situation like that and whether or

not the comments that have been made are indeed fact.

We have a continuing request from the unions—and I did some organizing and I know what petitions are. I had the privilege—it's a long time ago now, I must admit—of organizing some 14 shops in a nine- to 10-month period in the Windsor area and know what certifications or petitions against union organization can mean.

The unions have asked, and I think sincerely, that all petitions should be banned and they make a good argument. We'll get into that at the appropriate vote a little later. But I'm wondering really what we're doing in terms of if the workers are responsible and are responding well. Once again, referring back to your remarks on safety and health, maybe if the Ontario worker is that solid, the organized worker, and responding that well, we should be giving them a little bit of a helping hand in terms of organizing and not allowing some of the deliberate obstructionist tactics that are usually involved with petitions.

In spite of an attempt to cover them up and in spite of some pretty, I suppose they thought they were potent arguments—I can recall very clearly in two cases and I'm going back a number of years—but the boys tell me to a lesser extent it's still happening today—that it turned out the petitions that I had to deal with in two of the plants—Carsteel is one of them I'll never forget in the Windsor area—were drafted by the company's legal counsel before they were finally slipped in the back door into the plants. I think the question of petitions is something that we simply have got to get away from.

There are a number of individual questions that I want to leave to the individual votes and there are a couple of, I think, rather serious points that I want to raise: the human rights issue, certainly one particular issue here that disturbed me very, very much when I received it—I'd like to know if the minister is still flirting, and I hope that's all it was—with the right to work issue in this province. Heaven only knows we've got enough problems without some people still wondering. Just the perception that I talked about earlier is that people are still asking—including responsible people and leaders in the trade union movement—hey, what gives with all that collection of information that the minister said she was doing? Is there something else we're going to face down the road?

And you wonder about the attitude, I guess, of working people in this province. Well, that's part of it. I'd like to finish by

saying that I think we've simply got to take a serious look at what the ministry means and what kind of teeth we can give bargaining in good faith because obviously that's an ongoing problem in this province and one that we haven't dealt with.

There are a number of other items but I want to leave them until we get into some of the individual votes. I certainly would like your response and some answers to some of the questions and queries I've raised, and some of the things that we were told were coming but I haven't yet seen from the estimates a year ago.

**Mr. Chairman:** Thank you very much, Mr. Mackenzie. Would the minister care to reply? I notice there's quite a list here. We might spend the rest of the evening listening to the minister's reply.

**Mr. Laughren:** Is that a suggestion?

**Hon. B. Stephenson:** I'm not sure that I've managed to put down all of the issues which Mr. Mackenzie raised as concerns which he has, but I would wish at times that some of my remarks were quoted a little more completely, particularly the one about productivity.

There are a number of factors, as everyone here knows, involved in productivity rates and there is a good deal of statistical data which supports the idea that indeed the wage rates in the province of Ontario have outstripped the gains in productivity over the last decade and a half. That is fact; it isn't any conjecture on anyone's part.

The statement that I made about productivity, related to the somewhat querulous examination by that Japanese gentleman of the state of labour-management relations and the economics of the country of Canada and the province of Ontario, included the statement that indeed worker productivity in this province was outstripping capital productivity. Capital productivity is certainly an important part of overall productivity.

Indeed, if you look at the statistics for the years 1971 to 1974, it's obvious that the worker productivity is about twice as good as capital productivity. One of the major problems is that, indeed, investment has not been increased in the area of improving plant, of improving technology or introducing new technology which could improve both the employment opportunities and the productivity levels of the workers of—

**Mr. Mackenzie:** Madam Minister, if I can respond, because I think, to stop right there, to begin with it's important. Why then do we almost invariably see this worker- or union-bashing or these productivity slacker argu-

ments made? Maybe we should do a little corporation-bashing.

When you talk about the decrease in productivity in this province you say that is fact, that it's gone down. The fact that we're not utilizing our full productive capacity and may not be because some of the decisions aren't being made in this province, is this not a factor? Is this not weighed into that? Have you ever taken a look at the productivity factors, taking a look at all of these particular points?

**Hon. B. Stephenson:** Yes, I think there are a number of qualified researchers who have examined the total productivity problem in terms of all of the factors involved. We do have a difficulty—there isn't any doubt about that. It is not as great, perhaps, as it's perceived to be in some areas, but it is significant and it's one that I think we should be concerned about.

It isn't related only to the workers. This is the point I'm trying to make and the point which I have made repeatedly, I would like you to know, on public platforms and in conversations with newspaper reporters—that there are many more sides to the story than simply worker productivity, if you're going to measure unit cost in terms of labour only.

This is the point that I have tried to make, because I really do believe, Mr. Mackenzie, that the Ministry of Labour in this province has to be aware of its responsibilities and exercise its responsibilities on behalf of everyone who works. That includes a wide range of people in the province of Ontario—even employers.

You might be hesitant to accept that, but there are many employers who work very diligently and very hard. I think we have some responsibility in that area as well, as the people who are employed by other people to provide services.

**Mr. Mackenzie:** You say "everybody." Does that include coupon clippers, Madam Minister?

**Hon. B. Stephenson:** I was talking about the people who work, Mr. Mackenzie. I'm not sure that clipping coupons only is an exercise which could be—

**Mr. Mackenzie:** Some people might call it work. When you say everyone, I'm raising it.

**Hon. B. Stephenson:** I'm very much concerned about any method which could improve labour-management relations, which will have a beneficial effect upon our competitive capability and upon our productivity, upon which our competitive capability I think depends to a great measure. It's because of that that we have been particularly concerned about the establishment of the



group which we call the quality of working life group, which is looking at all of the kinds of experiments which have been carried out to increase worker participation and decision making—whether it's on the shop floor, whether it's at the supervisory level, or whether it's actually input at the board decision making process.

We're not sure that things that have been done in other jurisdictions are appropriate for the province of Ontario, but we're willing to look at them to see whether there are any specific facets of those experiments which are adaptable to this province. This is something which is being embraced with a good deal of enthusiasm by the union representatives who are members of that committee as well as the employers who are members of that committee. I think they are doing a very good job in exploring all of these and collating the information.

[9:15]

We will be disseminating it in the hope that it will have some effect, particularly in the area that you're concerned about, in the employer area. We're also hopeful it will have some effect in the union area, where there has been some reluctance to consider greater participation of the workers in the decision-making process.

**Mr. Mackenzie:** Do you still call it industrial democracy?

**Hon. B. Stephenson:** We don't call it industrial democracy, because there are a lot of other factors involved in quality of working life other than that simple measure.

I will agree with you wholeheartedly that the steelworkers in Canada are among the most productive workers in the world. I don't think there's any doubt about that. The auto workers, I think, run them a close second. We have some problems in other areas, and because those two examples are good we can't say that the overall picture is excellent.

You were talking about the Industrial Training Council. I would have to remind you again that we have, I suppose, rather minimal input into that council because it happens to fall under another ministry, but we do have some real concerns about the apprenticeship program and about the enhancement of that program. Having listened with great interest to Helmut Schmidt and his demonstrations that at any one time there are two million people in the apprenticeship program in Germany, I look upon that with a great deal of envy, I must say. There are factors in apprenticeship which are not simply the responsibility of government. There has to be, I think, some increased accept-

ance of the use of the apprenticeship program on behalf of both employers and unions.

**Mr. Mackenzie:** If I might make a suggestion, Madam Minister, you should not only look at Helmut Schmidt's remarks but go back and read Mr. Parrott's comment when the bill was brought into the House a little better than a year ago and the Premier's (Mr. Davis) comments a week or two later. They were plugging the program pretty well too. I'm wondering now why we're still waiting for some answers on a recommendation made back in February. If you wonder why we sometimes have some doubt about the usefulness of some of the committees, maybe you'll get the point.

**Hon. B. Stephenson:** I would remind you that it's all very well to make recommendations, particularly when they impinge directly upon the responsibilities of both union leaders and specific employers. We do not live in a totalitarian country. We live in a democracy—

**Mr. Mackenzie:** But we don't often give a unanimous recommendation either.

**Hon. B. Stephenson:**—and one attempts to persuade rather than to clobber the groups with whom one works in order to achieve the ends which we think are desirable. That is not always a very rapid process, if I might remind you.

The first agreement problem which you raise is one about which we have specific concern and it's one which the industrial relations division of the ministry has been paying particular attention to. We've been looking at the kinds of methods which have been used in other jurisdictions to try to resolve the problem, to see whether they could be applied here or whether the kind of process we are attempting to follow at the moment, which is very careful monitoring and extra assistance in those areas, will achieve the goal which we'd like, which is an increased number of successful first agreements.

The Kelly report is not in as yet. Mr. Justice Kelly was somewhat delayed in the beginning of his activities. I'm hopeful that we'll have it by the end of the year. The last I heard was that we might have it in December, but I think it will at least be by the end of December.

**Mr. Mackenzie:** It is a long time to wait.

**Hon. B. Stephenson:** Yes, yes.

You are concerned about the fact that we seem to be somewhat overburdened with legal capability in certain areas in the ministry.

**Mr. Laughren:** I wouldn't say that.

**Hon. B. Stephenson:** I would remind you that the Ontario Labour Relations Board is really a quasi-judicial body and it does re-



quire, I think, some knowledge of the law and its application. We've made a very valiant effort to ensure that the sidesmen who are appointed are representative of the trade unions on that side and of those employers who have had real experience in the business field on the other side.

**Mr. Mackenzie:** What makes an academic any better than a trade unionist if we digress occasionally from a lawyer as chairman?

**Hon. B. Stephenson:** I'm not going to let you attack Professor Carter directly. I think that he has had a great deal of experience—

**Mr. Mackenzie:** I'm not trying to attack him. I simply pointed out that we seem to be able to go to academics and lawyers as chairmen of the board with no problems but workers are another matter.

**Hon. B. Stephenson:** I'm reminded by the deputy that Kevin Burkett was with the SAO but, as you say, that's only one. I was suggesting that you might consider that a keen.

Those individuals who've had the experience of teaching labour law do have, as a result of practical experience and teaching experience, some very direct capability in that area, which I think is valuable. We are certainly looking at other areas as well. We are not tunnel-visioned about this, I can tell you. But when you require someone to look at something as potentially legally complicated as the arbitration process in the province of Ontario, I think it was wise for us to choose someone with a legal background and certainly someone who had some judicial background as well. There are times when that choice seems to delay the production of the report but perhaps the value of the report will be enhanced by the capability of the individual involved.

You were concerned about minimum wage, about which we have concern as well. But you were specifically mentioning the tip differential. I would remind you, in spite of the statements that you made, that the tip differential applies only to those people who serve alcohol, and to no one else. The other waiters and waitresses must be paid at least the minimum wage if not more, whether they acquire tips or not. The experiment as carried out in order to see whether it is as a reasonable kind of approach because it is one that has been taken by the province of Quebec, by other Canadian jurisdictions and by almost all states in the Union because there seems to be a rationale for some modification of the minimum wage in that specific area.

We have read very carefully Miss Eggar's suggestions and are seriously considering the possibility of some kind of public hearing to examine not only the tip differential, which is what she was suggesting, but perhaps even the entire philosophy of minimum wage as a mechanism for solving the problems of low remuneration of certain kinds of workers. Is it appropriate in this day and age? These are some of the questions I am asking myself. There are a number of very wise individuals who have examined the minimum wage in other jurisdictions and in this are suggesting very strongly that indeed it is not an appropriate mechanism and that there are others that should be considered. Therefore, I am making an attempt to look at this quite carefully.

**Mr. Mackenzie:** Surely you would not remove the minimum wage without a clear alternative to present.

**Hon. B. Stephenson:** I didn't suggest that I would. The problem of domestics is one which you have raised as well. As Mr. Skolnik suggested to you at our last small meeting of this sort, we were embarking upon a study. That study is not completed. It is to be completed, I think, by the end of November. That report will be available to us. Hopefully, it will be of some assistance.

The student differential falls, I suppose, into the same kind of category as the tip differential in terms of minimum wage. It is another area which has been looked at, particularly in light of the experience this summer with the student employment program, which is giving us some important information which I think will be of value to us.

You made a couple of suggestions about payment of workers until the arbitration process is complete, but you mention the Workmen's Compensation Board as well. I am wondering which you were talking about.

**Mr. Mackenzie:** I think there is probably merit in discussing it at both of them.

**Hon. B. Stephenson:** In both areas?

**Mr. Mackenzie:** Yes.

**Hon. B. Stephenson:** It is not something we have examined in depth at this stage of the game, I can tell you, but it is something we will take under advisement.

Employment of the handicapped is one thing which is very important to me. We have embarked upon a program within the Ministry of Labour to establish a pilot employment of handicapped individuals within the ministry because, having examined the problem rather carefully, we have learned that one of the

major impediments to the employment of the handicapped is certainly not the lack of capability of the handicapped themselves, but the attitudes of the employers. We are making a conscious effort through an educational program to modify the attitudes of the employing staff within the Ministry of Labour and, hopefully, developing a format which will be of use not only to other ministries but outside of government as well.

It is our hope that we shall be able to employ handicapped individuals in a number of areas within the ministry. We have a co-ordinator appointed who has been very active. We employed two handicapped students during the summer and we have a couple of handicapped individuals now in full-time employment within the ministry, all of whom are working out very well. We are hoping as a result of our experience—

**Mr. McClellan:** Do you mean all three of them?

**Hon. B. Stephenson:** The co-ordinator is working on the development of our employment program within the ministry, but we have made a conscious effort to hire those who are handicapped in the jobs which have been advertised and for which they have applied. We have not as yet fully introduced our employment program for the ministry. The co-ordinator has begun to function in that direction, and has been very useful.

**Mr. Mackenzie:** Before you leave that—and I have no argument with any steps that you may be taking within the ministry—obviously it is just a handful of people that may be involved there. While it may be a token or example setting or a seed move or whatever you want to call it, there are a large number of people who have serious disabilities and are not able to find employment. I also raised, I think a year ago, also the matter of people with epilepsy and I have had a continuing problem for the last year in my riding as well on that particular score, indicating that we have to move more than in the ministry alone.

I don't know whether you consider that one of the responsibilities of the ministry or not. When I think of the Ministry of Labour, when I think of unemployment and labour problems, I personally feel that we have some obligation in this particular field. I said at the time that I have had arguments from some of the people involved both ways—but I raised with you at the time the question of quotas. Now, that may be a rather radical and major move and may be something that we don't want to or don't think we can tell employers in this province—that

they're going to have to take this kind of responsibility. But I don't see it as much more of a responsibility than some form of taxation and I'm wondering, other than the moves you may be making within the ministry, what we're going to do to help this group of people out in the community who are really up against it when it comes to finding jobs. I think we've got to have more than just the moves you suggest are being made within the ministry.

Once again, are we willing to have enough initiative, to try to break new ground as a province and as a Labour ministry in an area that I think will have fairly wide public sympathy and acceptance? Or are we not? I think that's what I'm really trying to get at. I asked the questions a year ago. The situation hasn't improved in the year. I don't say that's all your responsibility at all, but neither have I seen any real move out there in public to resolve this problem and I'm wondering at what point we take some responsibility to do something about these kinds of people.

**Hon. B. Stephenson:** I hope you agree that we have not only recognized the responsibility but have made at least an initial attempt to try to resolve the problems. We have certainly been having meetings with the Advisory Council on the Physically Handicapped and the Federation of Handicapped Individuals, as well. We have strong relationships with the Council on the Physically Handicapped because they're assisting us in our program of finding those people who can be employed within the handicapped field and are attempting to correlate those people to jobs which may be available. We can't move a mountain overnight, but we really do have to do something about changing the public attitude to the employment of the handicapped, and that's another area in which we're trying to function. I think we're making some progress, as a matter of fact.

I have some concern about quotas, which is something I have stated to you before. Not simply that quotas tend to be artificial levels but that in many instances, although you may establish them as the minimum, they very rapidly become the maximum, and they decrease the employment opportunities very frequently for those individuals who are hired on the basis of quotas.

**Mr. Mackenzie:** I may be wrong, Madam Minister, but I wouldn't use that argument. If we got to even a minimum level we'd probably put an awful lot more of them to work; and then, maybe, we would take



a look at it down the road to see whether it has got to be increased.

**Hon. B. Stephenson:** We shall continue to try, nevertheless. You expressed some concern about visiting workers. I am aware that if provincial roads are being constructed—and certainly provincial highways—the contract stipulates that, indeed, all of the contracting firms will be organized firms; that is the usual procedure. But I wonder how those visiting workers could have arrived to work on heavy machinery on the construction of roads in the province of Ontario without the compliance and agreement of the unions involved, since it's my understanding that the unions must, in fact, agree to the admission of those individuals to provide that kind of labour expertise if it's not available through Canadian workers. I'm a little concerned about that.

**Mr. Mackenzie:** I would like to make one thing clear, Madam Minister. While my background and biases may have at least a relationship to the labour movement, that doesn't necessarily make them always right. I would hope that you'd take a look at this particular situation because if the letter from his particular worker is correct, then I think something's wrong.

**Hon. B. Stephenson:** Well, I haven't seen the letter from the worker and I'd be pleased to have that information so that we could investigate it because when this has been raised in other areas we have made an attempt, not only to investigate, but to help to resolve the difficulty. I am aware that in northern Ontario—not particularly southern Ontario—does much advertising in Great Britain for skilled tradesmen and for professional individuals because of the chronic shortage of skilled tradesmen, particularly in northern Ontario. This is unfortunate because I think there are a very large number of skilled tradesmen in southern Ontario who might be gainfully employed in northern Ontario and it would be excellent if we could—

**Mr. Mackenzie:** Yes, that is the question. If forgivable loans, for example, are being suggested—

9:30]

**Hon. B. Stephenson:** Well, I have not seen that either and I would like to have that kind of information so that we can investigate it.

The Labour Relations Act amendments which you suggest have been suggested earlier; they are on file within the mechanism. We are at the present time still assessing the amendments which were made in 1975, some of which seem to have been particularly bene-

ficial and some which perhaps have not been. I think it's important that we know precisely what the effect of those amendments is before we attempt to move in other directions which may be contrary to the actions which were taken in the past or may, in fact, enhance them.

I will reassure you right at the moment that the right to work legislation which has been collated does not appear to be appropriate for the province of Ontario. I am still, I would have to tell you—

**Mr. Mackenzie:** No point.

**Hon. B. Stephenson:** No, I am still, I will tell you, a strong proponent of the freedom of choice of every individual. I do not like to try to inhibit or limit that choice if it's possible to do so. I recognize the hazards that are in the kinds of legislation which have been passed in other jurisdictions and it does not seem to be at this time appropriate for this province. However, there may be modifications of that at some point, I'm not sure.

I think those are all the questions I've got listed at the moment. I probably missed some.

**Mr. Mackenzie:** What about professional strike-breakers?

**Hon. B. Stephenson:** Professional strike-breakers. It was my understanding that indeed the amendments to the Labour Relations Act had outlawed the use of so-called professional strike-breakers.

**Mr. Bounsall:** That's a very wild conception.

**Mr. Mackenzie:** There's a lot still going on; it's just finished where that's exactly what it was.

**Hon. B. Stephenson:** Where? You mean at Custom Aggregates?

**Mr. Mackenzie:** That's right. If it was there I fail to see the use of it and I think you could almost make a case for close to that in the recent Becker Milk strike and a number of other situations around the province.

**Hon. B. Stephenson:** Having displayed my ignorance completely as far as professional strike-breakers are concerned, the information that I did gather about Custom Aggregates was that the firm that had been hired had been hired as a security firm as a result of the concerns of the employers regarding damage to the heavy equipment which was present on that site.

**Mr. Mackenzie:** There's more than one way to skin a cat, Madam Minister, and that's exactly what went on in that situation. That was, in effect, a professional strike-breaking operation. I think the ministry should have recognized that.



**Hon. B. Stephenson:** Are you suggesting that those individuals who were hired as security guards did in fact take over the jobs of those who were on strike?

**Mr. Mackenzie:** In some cases I believe that has happened. Certainly they were being used to reinforce the company's picket lines and to make sure that they operated with non-union people. After a fairly lengthy delay they probably took a look at when the market once again required the products of the quarry. At that point in time and after a fairly lengthy strike they used these people to make sure they started shipping out again.

I would be interested if the ministry has the results of the hearing that was held some time ago in Kitchener on a motion to decertify because one of the arguments the union made against that decertification application was the fact that at least three of the votes or names that the company had rounded up were employees of the strike-breaking firm that had been brought in, the security firm.

**Mr. Pathe:** The last I heard the board was still working on the case. Do you have the latest?

**Mr. Saxe:** The decision is still before the board. The matter which is before the board is who should have the right to vote on application for decertification.

**Mr. Mackenzie:** That deals exactly with the point I'm making, which was the union argument. I might say, Madam Minister, that that's been before the board for, how many weeks or months, now? A strike that's over a year old? What in effect you're doing is consigning them down the drain the same as happened at Onward in Kitchener and in innumerable other small plants in a first agreement deal.

I raised Onward, incidentally, a year ago and it failed. It's just one more unit that went down the drain.

**Hon. B. Stephenson:** It certainly wasn't for lack of effort on the part of the Ministry of Labour that Onward didn't reach a first agreement.

**Mr. Mackenzie:** There is something wrong with your efforts in this area, Madam Minister. That's the point I'm making.

**Hon. B. Stephenson:** Well, Mr. Mackenzie, we can't succeed all the time, I guess.

**Mr. Mackenzie:** When we don't succeed there's an awful lot of effect on a lot of good people and that's what concerns me. There's an awful lot at stake for that worker who spent a number of years of his life in that outfit and may have gone through some trauma to organize it in the first place and to fight

for a first agreement and then to find no result on all of the fight he's gone through—and I know how you have to work with and encourage some people when you're organizing. The company which fought you, possibly in the certification proceedings but didn't succeed, continues to fight you through that first agreement. You seem to be up against the wall all the time. You begin to lose faith in an awful lot of things.

A year ago I was raising the Onward Manufacturing case and, as I say, that's now down the drain and the workers who had the guts, not only to organize but to go on strike on what they thought was a just situation, haven't got that protection any more.

It's surprising. You take a look at the Becker's deal. You probably know yourself there are 27 or 29 people that the company won't take back now that we've had that settlement, and some of those people have already been to other job sites. One of them was, in fact, hired and told that he had the job and the next day he was called up and let go. When it was queried, the information he got was that they had just received a letter, when they had asked for a check on his record, from Becker's. In other words, that's being used against those workers.

**Hon. B. Stephenson:** What did the letter say?

**Mr. Mackenzie:** I don't know, we didn't see the letter. The company just simply said, "We're not hiring you." He had the job as far as he was concerned the day he came in, but obviously a letter had come in in the meantime from Becker's. I could probably write the letter for you, Madam Minister: "He was one of the activists in our strike situation." I'm not sure what they put down to keep themselves legally intact but they sure as blazes wouldn't give him a very good recommendation. The plant he was going to happened to be non-union and I can see where they certainly weren't going to hire somebody who might be the core of an organizing drive at that plant in the future.

**Mr. Armstrong:** Of course, if the refusal to hire was based upon his union activity that's illegal.

**Mr. Mackenzie:** I know that's illegal, but you also know that those things are very hard to prove, either for or against, unless you can get a hold of the actual letter or documents. What he's got is an interview with management and nothing else to go on, but, being informed that there's a letter

there, can we go in and subpoena the records in that firm?

**Mr. Armstrong:** I would have thought so.

**Mr. Mackenzie:** It may be worth checking on then. However, this is a general pattern. Madam Minister, I have been through the process of being let go; and having been an organizer and an activist and I can recall a job search that I had and a number of plants that I went to in the Windsor area. I wondered why—although I thought I was eminently qualified; I had been working and I had been a staff member with the UAW—I was getting nowhere. I finally received alternate employment.

How, I don't know, but it happened to be with the gas company in Windsor. About a year later, I had a pretty good record as a salesman, we hired the personnel manager of one of the Local 199 plants in Windsor and I was assigned to train him. After I got to know the chap, he said: "Boy, you know, before you ever came in, we knew that you were coming in looking for a job." There was a reason why I was going in to some of the plants. I had to re-establish, you know, within a period of time to stand for any future position in the union, if you know the constitution of the UAW.

He said: "We were told to interview you, be as pleasant as hell, but we sure as hell weren't to hire you." This was the personnel manager of that firm, so I'm speaking from some first-hand knowledge as to what happens when a worker has been involved in that kind of an organizing situation or that kind of a strike situation.

I'm not trying to use that now. I'm talking about first-hand experience. That was a number of years ago, but I don't think anybody is going to kid anybody that that still doesn't go on today and that is certainly going to be a difficulty with those Becker's employees who were not rehired after that strike.

**Mr. Bounsall:** The same thing happened with two K-Mart stores' staff in Windsor, as we mentioned a year ago, whose strike has been lost. The Ministry of Labour, through its legislation, required K-Mart to take all the strikers back to work when they agreed to go back. At the last count there were only two of those women still employed. They've managed over the course of the last 10 months to harass them sufficiently so that they quit, and I doubt if those women will be employed in any other sales capacity in the Windsor area either, because that record will follow them around.

Finally—after the seventh case established that UIC that, in fact, anyone who had to quit

K-Mart, who had walked that picket line a year ago, quit with good purpose—they got UIC to accept that without putting them all through appeals. They have to buck the system right from beginning to end, Madam Minister. That's a classic case. If you had a first-contract-type situation here in Ontario as they have in BC, none of that need have occurred. That's what really should be established here in Ontario. It's not a very earth-shaking or far-out proposal. It's working in BC. The percentage of second contracts that are achieved after an imposed first one is impressive when management is required to work with a union for a year's period.

**Hon. B. Stephenson:** That doesn't tally with the information we have about the success of reaching second contracts after the imposed first.

**Mr. Bounsall:** My figures are not up to date for the year 1977, but up until the fall of 1976 they're pretty good. Have they fallen off this year only?

**Hon. B. Stephenson:** No, I don't think they were—

**Mr. Pathe:** There was a very low percentage of repeat agreements after the first one was imposed.

**Mr. Bounsall:** Was that for second agreements that came up this year?

**Mr. Pathe:** No. The statistics that we were advised of were actually for 1976, but I don't have them here.

**Hon. B. Stephenson:** One of eight imposed agreements.

**Mr. Bounsall:** They were much better before that.

**Mr. Mackenzie:** They were bargaining in good faith as well, never mind the first agreement.

**Hon. B. Stephenson:** It has been suggested that the imposed first agreement may not be successful for those that are imposed; but indeed it provides a pattern or an atmosphere or an aura which is conducive to reaching first agreements rather than having them imposed. It would be interesting to know just how much effect that has had in that area.

**Mr. Bounsall:** Maybe it's an experiment we could try in Ontario, just as an experiment.

**Hon. B. Stephenson:** We'll look at the BC experiment and see what it's done first and then consider it.

**Mr. Yakabuski:** That's why they buy their groceries across the border every weekend, the average householder on the lower mainland.



**Hon. B. Stephenson:** Goes to Washington?

**Mr. Mackenzie:** Another one of those areas where it's 30 to 35 per cent cheaper.

**Mr. Chairman:** Madam Minister, do you have any further comments?

**Hon. B. Stephenson:** No. I think, as I said, those are the only comments that I would make at the moment.

**Mr. Chairman:** Members of the committee, shall we proceed with vote 2301, item 1, under ministry administration program? No? We'll go on, then, with the opening statements first and then go on with the votes and you can discuss the items under the various votes.

**Mr. Mancini** is first. Do you want to proceed, Mr. Mancini?

**Mr. Mancini:** The main office had expenditures of \$1,179,000. I thought maybe you were going to allow other members of the committee to possibly speak and I'm only—

**Mr. Chairman:** We should get on to the votes on the items, otherwise we'll be discussing the preliminaries here for ever and a day.

**Mr. Mancini:** It's been my experience, and my experience is not that great, Mr. Chairman, but in the previous estimates I believe most members have been able to express quite a bit under the main office. I have also found that that's cut quite a bit of time—

**Mr. Chairman:** Do you want to proceed?

**Mr. Mancini:** Okay. With the permission of Mr. McClellan, I'll continue, Mr. Chairman.

**Mr. McClellan:** Sure.

**Mr. Mancini:** I really appreciate it, Ross. I'm going to support you for leadership and you'll be getting your cheque very soon.

**Mr. Laughren:** How about me?

**Mr. Mancini:** You're too short to be leader, Floyd.

First of all, I wish to thank the minister for her very thorough opening statements. I can recall, probably two estimates before this one, when the minister had first become the Minister of Labour, her opening remarks weren't quite as precise and probably weren't quite as pleasing to the ears of the members of the committee, but I can say that since her third estimates have taken place she's improved immensely.

[9:45]

I don't know if it's because she's had so many good members on the committee to work with. Probably that's the reason. They have a good chairman and good members on the committee. I could also say that I was

not here before there was a Minister of Labour other than yourself, but I can honestly say that your reputation, from what I can hear from other members who have been in the Legislature longer than myself, is much better. I can't recall other Ministers of Labour; I wasn't here to see them and I certainly didn't hear of them down in Essex. I'm not sure if they had moved to make any innovating new laws for the province of Ontario.

I would like to say I'm pleased to see Mr. O'Neil, the Liberal member for Quinte, take over as the Labour critic from Mr. Jim Bullbrook. I think most of the members here can recall Mr. Bullbrook, who had probably one of the best labour minds of anyone who has ever sat in the Ontario assembly. I can also recall, if Mr. Laughren will let me continue, that Mr. Bullbrook had introduced—

**Mr. Laughren:** Did Jim Bullbrook write this?

**Mr. Chairman:** A little order, please, gentlemen.

**Mr. Mancini:** Mr. Bullbrook introduced bills in the assembly concerning strikebreakers. This was done a year ago. I'm pleased to see that Mr. Mackenzie has brought this up again. Mr. Bullbrook moved bills in the Legislature against petitions against certification, and Mr. Mackenzie has brought this up again. I'm pleased to see that. We also introduced five other bills which I wish now I had brought with me.

I can recall that day very well in the assembly, Mr. Laughren, when you had been previously very active with Workmen's Compensation estimates. I think you were quite surprised and I think you were also quite impressed with the effort of Mr. Bullbrook in introducing those seven labour bills. I am glad to see that some members of your party have not forgotten that.

**Mr. Chairman:** Continue with the estimates.

**Mr. Mancini:** Thank you very much, Mr. Chairman, I certainly will. Mr. O'Neil happened to mention about wage and price controls. I believe he gave credit to wage and price controls for labour stability as far as work days lost in the province of Ontario are concerned. In a way, I have to agree with him. I know that workers in my area, especially in the Windsor salt mine area, have gone out on strike. After a lengthy strike and after winning some concessions from the company, their contracts were rolled back by the AIB. I think other union leaders in the area and other union leaders in the province saw this happening and I think they took great notice of this. Possibly that's why we have 63 per cent less work days lost, as



ou have mentioned in your opening statement.

I also am concerned about wage and price controls. I am concerned about their fairness, but unless someone brings before me something very concrete that I can see and that I can understand, even if Mr. Mackenzie is willing to put something before me that possibly I can understand and can see that is utilized in this area to attack inflation, then what can I say? What is there that we can better have to protect the general people or the public?

I know in some countries of the world that have Labour governments they have what you call income and price control, and I believe they have staggering inflation and also high unemployment. I don't want to mention any nations but I think England is a very good example.

I see over there, by press reports, if the media are at all correct, that the Labour people in the country of England have stood behind their Labour Prime Minister in support of his income and price controls. They still have the same problems that we have in Canada, but to a larger degree, so I certainly will wait with an open mind for any individual or for any leader of any party who would show us what could be better. I'm sure if we see something better we'll certainly grab at it. Bob, because we are interested in people's votes just as much as you are.

If I recall correctly, not too long ago there came across my desk some type of notice from the Ontario Federation of Labour. It was criticizing you, Madam Minister, concerning the health and safety labour committees. I believe that the direct criticism was that you had not established any committees, or that you had established so few that the bill that we passed and worked so hard at last year virtually did not mean anything. Possibly, you too got a copy of that press release. I am sorry that I did not bring it this evening, but maybe your deputy minister or members of your staff have seen that press release. Maybe you can comment further concerning the health and safety committees.

I guess I can't speak on labour matters without mentioning the minimum wage. I too am very concerned about the \$2.65 an hour minimum wage. But I have to tell you, being a former small businessman and having had 150 employees myself, it certainly was difficult to meet the payroll. Every time your government did raise the minimum wage, I certainly had to reschedule my staff and look at—

**Mr. McClellan:** Didn't you pay them minimum wage?

**Mr. Mancini:** My best girls in the restaurant got about 20 cents more than the minimum wage and the girls who were just hired got exactly the minimum wage, Mr. McClellan, for your information. But to tell you the truth, we did have to look at rescheduling the girls, and we always had to pay the best girls a little bit more to keep them working harder.

I have to say, having owned a small business, that I could handle the minimum wage. Just looking at the \$2.65 an hour I think that the small businesses could handle about six to eight per cent more. I think that would be fair to them and I think it would be fair to the employees. I know that not very many people who work in small business are the prime wage earners, but I do know that to keep these people working and to keep these people involved in the business and to do good work for the people who own small businesses, the workers do deserve some type of better remuneration. I'm not too sure what position my party has on the minimum wage; but I would certainly say, as a member for Essex South, that six to eight per cent of \$2.65 would not be something—

**Mr. McClellan:** Twenty one cents.

**Mr. Laughren:** Twenty one cents more.

**Mr. Mancini:** I'm not asking you to figure out any of my calculations. I'm making my contribution to the estimates.

**Mr. Chairman:** Order.

**Mr. Mancini:** I wonder how many people you have on the payroll, Mr. Laughren, I just wonder.

**Mr. Laughren:** Well actually, none!

**Mr. Mancini:** Yes, right. Before Mr. Laughren so rudely interrupted me, Madam Minister we were talking about the minimum wage; and I'll just say that yes, I think we do need an increase; and yes, I don't think you should wait very long before you make your move.

One thing I want to speak upon is the problem of injunctions; and I really don't understand this very well because unlike Mr. Mackenzie, I have not been a union organizer. And neither has Mr. McClellan; he has been a social worker and I dare say there aren't very many factories that he has worked in. But nonetheless, I wonder why people do have the right to strike when a week later the management can go before a court and ask for injunctions and bring in trucks and take out dies and this type of thing. I don't understand that. I don't understand why you

have people walking the picket line and then you have police come to move them away. You have these big trucks go in and they take out machinery, or bring in this or that. You might as well not even give them the right to strike. I wish that you would speak on that for some time after I'm finished, if you have any ideas on that. It just doesn't seem right. Possibly we could look at that area for some better protection for the workers.

It's been a great concern of mine, because in my particular riding we've had that happen in just about every strike that we've had in the area; especially in Windsor where the auto workers are and they have dies for all kinds of parts.

At SKD Manufacturing, in the town of Amherstburg, a few years ago we had the same thing. Just last year at Allied Chemical we had an injunction against the workers and the workers were forced aside from the picket lines after they had bargained in very good faith with the management. We saw trucks going in and trucks coming out and all kinds of stuff that wasn't very pleasant.

That ends my general remarks concerning the main office. I have a couple of specific questions that I'd like to put to the minister and her staff.

I see that the vote of the main office, if I can take the 1976-77 estimates as being correct, as \$659,700 and this year the estimates are \$1,179,000. What have you done? Have you hired new personnel? Have you given everybody a raise? Could you explain that \$400,000 or \$500,000 increase? That's one of the specific questions I have.

I see that you're spending \$220,000 on legal services. I wonder how many lawyers you have in the ministry; if you're contracting out your legal work. It seems like a lot to an ordinary fellow like myself.

Furthermore, under the main office you have \$11,000 for blind workmen's compensation; I want you to explain what the \$11,000 is for. In your budget of some \$34 million, \$11,000 doesn't seem like much; it stands out—\$11,000 in a budget of \$34 million. I think maybe I asked the same question last year but I can't recall the answer.

I see \$100,000 for McMaster University. I'd like an explanation of that—why it goes to McMaster University and not to the University of Windsor, with all due respect to Mr. Mackenzie.

Mr. Mackenzie: I'm sure I didn't influence her in that.

Mr. Mancini: Furthermore, what do they do with their \$100,000?

I think basically that that's going to wind up what I have to say, Madam Minister. I you could take a couple of minutes to respond I'd appreciate it.

Mr. Chairman: Thank you very much, Mr. Mancini. Madam Minister, would you care to respond to Mr. Mancini, please?

Mr. Armstrong: Perhaps on the question of the increase in the budget for the main office, Mr. Mancini, there are several items that explain that.

First of all, the complement has been increased from nine to 15.

Mr. Mancini: You've hired six extra people—

Mr. Armstrong: Just let me explain it to you. In three instances that has resulted from a transfer of staff from other branches in the ministry. The women's adviser within the ministry now reports directly to me as deputy minister. Previously that was an item under the executive co-ordinator of the women's programs.

In addition to that, the executive director of administration and his secretary now are included in the main office item, accounting for three persons.

As you may remember from last year, we have an assistant deputy minister, planning and evaluation, now included in the main office, a position that wasn't there before; and with him two staff, a manager, planning and evaluation, and a secretary. In addition to that, there is an executive assistant to the deputy minister. That accounts for the additional staff and a total increase in salaries, therefore, of \$608,000, with direct operating expenses.

The youth program, Experience '77, comes under the main office this time for—

Hon. B. Stephenson: No, the youth Experience program.

[10:00]

Mr. Armstrong: The youth Experience '77 program, accounting for \$224,000. The grant to McMaster University is a grant to the labour studies program that Mr. Waisglass conducts to train trade unionists. That's a program for which \$100,000 has been granted for this fiscal year—\$50,000 last year, \$100,000 this year.

Mr. Mancini: You pay a \$100,000 a year for that program? And there's one professor.

Hon. B. Stephenson: Oh no! There are many more. Prof. Waisglass is the director of the program.

Mr. Mackenzie: He's got part of it but they wanted me to teach the first time round. I thought it might be a conflict of interest.



**Mr. Armstrong:** Those are the principal amounts that account for the increase of 570,500.

I'm sorry, I gave you an incorrect figure. The salary figure for the six additional employees is \$127,300. The total increase is 570,500, made up of the salary increases for existing staff—i.e., the increases either negotiated for those in the bargaining unit or granted for those outside the bargaining unit—the youth Experience program direct operating expense increases and then the grant to McMaster University.

Perhaps Mr. Morgan could expand on the legal services.

**Hon. B. Stephenson:** The legal services; item 7 in vote 2301.

**Mr. Morgan:** Mr. Mancini, you're interested in the increase?

**Mr. Mancini:** Yes, \$220,000 seems like a lot of money for legal services. I was wondering how many legal people we had on staff if we contracted out to workers—what we did to spend \$220,000.

**Mr. Morgan:** The Ministry of Labour, as with the other ministries, purchases legal services from the Ministry of the Attorney General. We've had nine complement in the legal department for several years, and we continue to have nine in the amount of 20,000 in the current year's estimates. Now I think there is a small reduction over the 1976-77 estimates, and that's probably the result of an under-expenditure in 1976-77, which has reflected some of the constraints that we've had to absorb.

**Mr. Mackenzie:** Can I ask what the increase of six complement has been, Madam Minister?

**Hon. B. Stephenson:** In the ministry?

**Mr. Mackenzie:** Yes, I understood the deputy minister to say that we'd gone from nine to 15 in complement.

**Mr. Armstrong:** I thought I'd covered that. The women's adviser has been transferred from the executive co-ordinator's office; the executive director, administration, Mr. Morgan, and his secretary were under a separate item last year; they are under ours, the main office, now. The executive assistant to the deputy minister; the assistant deputy minister, planning and evaluation; the manager, planning and evaluation, under the assistant deputy minister, and the secretary to that position.

**Mr. Chairman:** Does that answer all of your questions, Mr. Mancini?

**Mr. Mancini:** Except for the injunctions. I wanted the minister to comment on the injunctions.

**Hon. B. Stephenson:** I'm informed that the frequency of injunctions has decreased rather dramatically over the last several years; it is not a mechanism which is utilized, but it is one which is available to employers under the Judicature Act; and the Ministry of Labour does not have responsibility for the Judicature Act, it is a legal mechanism.

**Mr. Mancini:** But you have responsibility for protection of people on a legal strike. I think you have responsibility for that. Why have people on picket lines?

**Hon. B. Stephenson:** The injunction is utilized only under specific circumstances; these specific circumstances being mass picketing which is unacceptable, I gather, to the employer. In this instance an injunction may be sought. This is available as a legal mechanism to an employer under the law.

**Mr. Mancini:** What about injunctions to bring out dies and to have trucks go in with food and equipment and stuff like that?

**Hon. B. Stephenson:** You can't have an injunction to bring things in or take things out, really. The injunction is, indeed, to minimize the effect of the picket line so that movement in and out of the plant can occur.

**Mr. Mancini:** Well, possibly what I'll do is contact the union involved and get whatever information I can from them. I'll send you some further correspondence because that's not at all the way that I understand it. Okay?

**Hon. B. Stephenson:** If they'll explain to you, fine. Thank you.

**Mr. Mancini:** Fine!

**Mr. Chairman:** Any further questions, Mr. Mancini?

**Mr. Mancini:** No; thank you, Mr. Chairman.

**Mr. Chairman:** Thank you very much. Mr. Hennessy.

**Mr. Hennessy:** What I find a little difficult to understand is that while Mr. Mackenzie made a lengthy and eloquent speech—and I don't disagree with some of his points—he comes out with a statement saying that he's sent everybody a letter concerning all the problems; but he hasn't sent the minister a letter. Now how is the minister going to know what the problems are if you don't send her a letter, unless she is a detective? At least have the courtesy to send her the letter that you've sent to all your friends.

**Mr. Chairman:** Any further questions, Mr. Hennessy?

**Mr. Hennessy:** I think that should suffice.

**Mr. Chairman:** Thank you very much. All right, we're on vote 2301, item 1. Carried? No? Okay.



**Mr. Bounsall:** We've got to keep it going till tomorrow, anyway.

**Mr. Chairman:** Thank you. Go ahead, Mr. Bounsall.

**Mr. Bounsall:** Under the policy-setting sector, I'm interested in the youth employment program, what programs you applied for in this past year and what you would be considering applying for this year. I bring this up because I thought one of the most spectacularly successful programs which the ministry ran was the one of two summers ago, I believe, in which it employed summer students as additional construction safety inspectors. We heard in estimates about how much help they'd been, about how much more inspection was achieved and we were given a rundown of the additional numbers of firms taken into court; all because of that summer student help. So I was quite surprised to see that the program was not in the works this year.

I wondered if that was a lack of commitment on the ministry's part; if it applied for the program and was turned down. What was the situation with that program which was highly praised by the ministry and—if their figures were correct—served a very useful program a year ago last summer? Was it not applied for this past summer; if not, why not?

**Hon. B. Stephenson:** We applied for it the summer before last; but, indeed, there was reorganization within the ministry, in the construction safety area specifically, because it was incorporated into the occupational safety health and safety division, with additional hiring of full-time people in that area. The student employment programs in which we were involved have been listed.

**Mr. Armstrong:** Yes, Mr. Bounsall, there were a total of 217 students employed under the Experience '77 program this year—41 in the research branch, 80 in personnel branch, 18 by the Ontario Human Rights Commission, 11 in the women's bureau, 35 in the women Crown employees office, 30 in occupational health and safety and 2 in administrative support; for a total of 217.

Perhaps Dr. May—or is Keith Cleverdon here?—could speak directly to whether those 30 in occupational safety were devoted in part to the construction safety program. Dr. May or Mr. McNair, perhaps.

**Mr. Bounsall:** Just while we're on it, I gather there wasn't the effort put into construction safety that we had in other years, and that's true. It could be because of the reorganization.

Just before I leave the point, although I would like to hear how it operated and what

the feeling with respect to the program was in both the human rights area and the women's areas, but just before we leave construction do you plan to have summer student activity in this in the coming summer, or do you feel that the full-time staff is going to be adequate to cover the work generated by Bill 139 or the consolidated bill?

**Mr. Armstrong:** Dr. May indicates to me that it's his wish to have persons assigned from the Experience program to construction safety in the coming year. Do you want to expand on that?

**Dr. May:** This to some extent is dependent on the volume of work in the construction field. Of course, this last year it did go down a little, which accounts for the fact that we didn't need quite as many in this program. We've also taken on some additional staff which took care of some of the newer needs. It's extremely difficult to train summer students to do some of the things. There are only limited areas in which they can be used.

Certainly next year we anticipate that we will have a need for more, once we get new legislation and new needs.

**Mr. Bounsall:** Yes. I can see where it's difficult with respect to the industrial safety where you're dealing with machinery and plants that can be fairly complicated, rather than just piles of shavings on the floor and that type of thing. In construction safety what it allowed, apparently, a year ago last summer was a lot more inspections to take place of the smaller job sites which would have never been gotten around to, or gotten around to rather inadequately. You hit them after the trenches have in fact been dug and you didn't see whether the trenches were shored—you hit them after that because of the lack of staff. Whereas in that year you were able, if the public relations after the event were correct, to keep up on a lot of the construction checks as they went along and the results showed it.

I can see where it would be very applicable to construction safety; not that much training is involved to measure the slope of the trench wall and see whether it's shored or not. That's a different story than, say, in an industrial plant where I would expect full-time staff training would be what you'd require there.

Would the increase you're hoping come mainly in the construction safety area?

**Dr. May:** Mainly in the construction safety area, yes.

**Mr. Bounsall:** Any in the mining area?

**Dr. May:** Extremely unlikely.

**Mr. Bounsall:** Because, again, of the complexity of it?

Dr. May: Yes.

Mr. Bounsall: If I could shift and ask then, while we're on the youth employment program, how it worked and how you used the students in the human rights area and in the women's areas—knowing full well there's a great need for more field staff in the human rights area, did you get good dollar value out of the summer students in the human rights program, not that we overpaid them?

Hon. B. Stephenson: George, would you like to come up to the table and respond to that?

Mr. Brown: We had summer students in the human rights program, I think, in two consecutive years under the Experience program, and we have been discussing the possibility of continuing with this program. We use them essentially in education with employers all over the province, in particular areas. Last year we concentrated on the question of Canadian experience with respect to job advertisements. This year, they concentrated on some follow-up on the code review and other aspects of employment application forms which we had some problems with. They were placed all over the province. We're doing a report now on the sort of value they give to the commission; we're in the process now of printing that report for the commissioners.

Mr. Bounsall: Will that be an in-house report or will it be distributed?  
[0:15]

Mr. Brown: Essentially it is an in-house report for the purposes of the commissioners. But that is not to say there is anything particularly confidential about it.

Mr. Bounsall: So we could get copies of it when it's ready?

Mr. Brown: I presume so.

Mr. Bounsall: I would like to get one if you would send me one when it's ready.

Mr. Brown: Yes.

Mr. Bounsall: Okay. I know you have problems with the employment forms. You mentioned you had a problem with them. Are you simply referring to the same problem that I mentioned, that it exists, or did you have a problem looking at the employment forms?

Mr. Brown: A problem looking at them. There are certain questions on them that sometimes conflict with the code, and we spend a lot of time administratively dealing with them, because employers send them directly to us. We train the students to check the questions for their sort of conformity with the code, and then they can go out to the employers and assist with these offensive questions.

Mr. Bounsall: When you did go out, did you deal with those areas only that were already covered by the code or did you also take the opportunity to cover areas not currently covered by the code but which are pretty discriminatory? For example, some American affiliates ask about your political affiliation, as you know; and many employment forms ask, "Have you ever been a WCB recipient?" Did you take the opportunity to try to get those things removed from employment forms when they occurred as part of the problem with others that are now normally covered by the code?

Mr. Brown: On those questions that are not covered by the code, although we have no legal basis for asking for their removal—for example, with respect to the questions about political affiliation and in particular, "Are you a member of the Communist Party?" which some firms still retain on their application forms—we do suggest that they consider some modification in terms of the question in Canada.

Mr. Bounsall: Have you done a follow-up to see whether in fact those have been removed and what the success rate of your suggestions has been?

Mr. Brown: Yes, to a large extent those that we have come across have been removed.

Mr. Bounsall: What about the disability or WCB questions that are very common on employer forms?

Mr. Brown: No, we have not been very successful in getting those removed.

Mr. Bounsall: Even though you no doubt point out that if it is a recurrence of an old injury, the charge for that claim is charged to the original company and not the place where they are working? Do you cover that point?

Mr. Brown: We just go into the question being asked. We do not go beyond the question itself.

Mr. Bounsall: I assume your job would be a lot easier if those were covered by the code.

Mr. Brown: I do not know. The more questions covered by the code, the more difficult it would become to administer.

Mr. Bounsall: I assume you would welcome that administrative burden, though.

Mr. Brown: If we could get a perfect instrument; I do not know. We are working on it, though.

Mr. Bounsall: I suppose I'll have to await your report, but, with it in draft form, are you satisfied that the summer program al-



lowed you to get into areas which you wouldn't ordinarily get into and that some of those areas you got into showed some improvement as a result?

**Mr. Brown:** Yes, definitely. We have had good success with the summer program. The only question about it is the supervision because, as you know, the greater the number of students you have, the greater demand it makes upon the supervision and we have to take professional staff time to devote to that. That's the only disadvantage I've seen so far.

**Mr. Bounsall:** Thank you very much.

**Mr. Laughren:** Mr. Chairman, one matter I wanted to raise with the minister at this point, and I think it appropriately comes under head office, has to do with the whole question of unemployment, which I believe the ministry traditionally has not dealt with in a very substantial way.

What bothers me is that I come from an area that has an extremely high unemployment rate. It's the highest in Ontario in northeastern Ontario, as I am sure the Chairman would substantiate. When the unemployment rate jumps up to in excess of 10 per cent, it creates a great deal of uncertainty in the various communities and, to a certain extent, unrest as well.

I am wondering if the minister has thought about co-ordinating any kind of effort with other ministries—I believe at one time there was a manpower co-ordinator in the government; I think Mr. Timbrell had that job at one time. Something needs to be done when a problem area develops such as in northeastern Ontario, or in the Sudbury area to be specific, with layoffs and so forth.

By the way, I think it is not coincidental that the highest unemployment in the province is in the resource-based area, namely the northeast, because as productivity skyrockets in both mining and the lumbering industry—and who would deny that productivity has gone up very substantially in those two sectors?—that means the industry has become capital intensive and that employment drops. It's exacerbated by problems such as layoffs but, even without the layoffs, unemployment is high in northeastern Ontario, the resource part of the province.

I am wondering if the minister has thought about that and whether or not she is attempting to devise some kind of effort within her government to move in and do something about it. I think there is a responsibility on the part of the Ministry of Labour to look after the needs of labour in terms of employment. I hope, it's not simply a matter of administering the laws that have been passed

by the government over the years but rather taking a broader approach to it such as in the occupational health field; that is, stepping aside for a moment and looking at employment in the way you look at occupational health. I wonder if the minister could comment on that, because it's of great concern to many of us in northern Ontario.

**Hon. B. Stephenson:** Mr. Chairman, traditionally the responsibility for employer has been at the federal level, as everyone is aware. However, several years ago in this province the Ontario Manpower Co-ordinating Committee was established, initially as a separate secretariat, I gather, then under the Ministry of Colleges and Universities and two years ago it was transferred to the Ministry of Labour.

Mr. Kinley is the executive co-ordinator of the Ontario Manpower Co-ordinating Committee, and it is made up of the deputy ministers of a number of ministries with responsibilities related to employment and employment problems. That committee has been responsible for all the negotiations and the establishment of the agreement of community employment strategy which is functioning in northwestern Ontario and in Hamilton-Wentworth at the moment. Although I would hesitate to say there has been measurable success, certainly there is some indication that the group involved in community employment in those areas is going in the right direction by involving the local people, both in administering the program and in the development of job opportunities.

**Mr. Laughren:** Is this in the public and private sector?

**Hon. B. Stephenson:** Yes; primarily in the private sector, but there is some relationship to the public sector as well.

In addition to that, the co-ordinating committee at the present time is examining methods which might be used to develop some proposals for job creation. They are in the midst of that exercise right at the moment because it is one that we have felt rather keenly about. It has not reported as yet about that but we hope it will do so within a relatively short period of time.

**Mr. Laughren:** I am glad to know that Mr. Armstrong is on that, since he's here tonight. I'm wondering if you could tell us what you do when statistics start to come forward, such as the northeastern Ontario statistics which I think are alarming? Do you look at the northeast and say we need the same kind of program there as there is in the northwest? Unemployment is con-



iderably higher in northeastern Ontario than it is in northwestern Ontario; why haven't you moved into the northeast with some kind of program for job creation?

**Hon. B. Stephenson:** First, we have to get the agreement of the federal government that they will move into that area with us.

**Mr. Armstrong:** Yes, I was I going to say that the two community employment strategy programs mentioned by the minister, the northwestern project and the one at Hamilton-Wentworth, are joint projects with the federal government. They've only been in operation for something like a little over a year.

**Hon. B. Stephenson:** Just a year.

**Mr. Mackenzie:** Not too promising so far.

**Mr. Armstrong:** There is some encouragement. The community involvement is encouraging; the actual tangible results of the strategy leave something to be desired.

But, to answer your question specifically, to my knowledge there is nothing afoot with respect to northeastern Ontario. If there's some particular information that should be brought to the attention of the Ontario Manpower Co-ordinating Committee, which the minister chairs and on which I serve as a member, we'd be obliged for information that should be brought forward.

**Mr. Laughren:** Very simply, the unemployment rate. I don't want to be simplistic about it, but I think it is very serious to see that kind of unemployment rate in the part of the province of Ontario that has given us so much in terms of resource wealth. It's the trend that's so serious. It's not just that the figures are plunked down upon us and that it's an aberration on the chart; that's a trend in unemployment in the resource area of the province of Ontario.

I feel strongly that you just can't continue to say it's basically a federal problem, because they simply won't deal with unemployment in this province. I suppose we can very conveniently blame that opposition party, as you would refer to it, in Ottawa, but that doesn't solve the problem of unemployment in northern Ontario. I would like very much to see you being more aggressive in that area. Sure, I've got suggestions. You might on occasion find them ideologically offensive, but I've got suggestions and I'd be glad to give them to you.

**Mr. Mackenzie:** Does the minister accept the responsibility in this area for planning in terms of employment or does she see her role as basically administration of the OLRB in the department she is involved with? Isn't there an obligation on the ministry to say we've got a serious unemployment problem, in whatever section of the province, and to initiate some actions? Or do you not consider that within your responsibility?

**Hon. B. Stephenson:** I believe that's precisely the kind of responsibility we have been attempting to discharge in our co-operative role with the federal government in terms of community employment strategy.

**Mr. Laughren:** It's dependent upon them?

**Hon. B. Stephenson:** No, it is not dependent upon them. It does take some initiative on the part of the province of Ontario, which I think has been demonstrated in the two projects that have been started. There is a very real possibility that this may be expanded. We have had communication recently with the minister responsible at the federal level about expansion. There are two other areas, but I have to tell you that northeastern Ontario was not one of the areas originally suggested; it is one that I would seriously consider at this point if you have some particular information you'd like to give us about this.

**Mr. Laughren:** I would be most pleased to give you my thoughts on it in writing, because I think it's terribly serious.

**Hon. B. Stephenson:** That would be useful.

**Mr. Chairman:** It's 10:30. Mr. McClellan, you'll be on deck at our meeting on Wednesday morning at 10. We'll continue on Wednesday morning at 10 o'clock.

**Mr. O'Neil:** When else do we meet this week?

**Mr. Chairman:** We have the agenda here. It's Wednesday, Thursday and Friday morning.

**Mr. O'Neil:** Wednesday, Thursday and Friday morning only; not at night. Could we get a copy of this?

**Mr. Chairman:** Yes.

The committee adjourned at 10:30 p.m.

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No. R-16

# Legislature of Ontario Debates

Official Report (Hansard)  
Daily Edition

**Resources Development Committee**

Estimates, Ministry of Labour



**First Session, 31st Parliament**

Wednesday, October 19, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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## LEGISLATURE OF ONTARIO

WEDNESDAY, OCTOBER 19, 1977

The committee met at 10:08 a.m.

# ESTIMATES, MINISTRY OF LABOUR

(continued)

**Mr. Chairman:** Members of the committee, ladies and gentlemen, we will call the committee to order, and continue with the estimates of the Ministry of Labour, vote 2301, item 1. When we adjourned on Monday night, we had Mr. McClellan on deck, but I see he's not here this morning. Are there any members of the committee who wish to address the Chair? Mr. Mackenzie.

**Mr. Mackenzie:** Mr. Chairman, there are three or four additional questions I'd like to ask of the minister before we leave this. In responding to the few opening remarks I made the other evening, I don't think she covered questions I raised with her as to overtime and hours of work.

I'm just wondering if the minister would have a few comments on that, and whether or not some of the current requests for a reduction in hours of work in terms of being part of the response to unemployment are not valid, and what, if any, reaction the ministry has to continuing requests for a banning of overtime and for a shorter work week?

**Hon. B. Stephenson:** Mr. Chairman, perhaps I did not specifically state that this was part of the review but, indeed, the hours of work and the length of the work week are, of course, an integral part of the examination of the employment standards within the province of Ontario. They are being reviewed together with the requests that have come from many sources to look specifically at the hours of work.

I know the hours of work have been looked at in relation to possible solutions to unemployment. This has also been addressed by the Ontario Manpower Co-ordinating Committee, and it is most certainly one item which is being considered very seriously right at the moment.

**Mr. Mackenzie:** Have you done any monitoring at all, Madam Minister, of specifics such as the extended vacation plans and the steelworkers' and auto workers' increased vacation time, or the attempts by the elec-

trical workers in their recent contract here in Toronto to spread around some of the work so that we're not facing quite such an unemployment problem?

**Hon. B. Stephenson:** It would be wrong of me to say that we've specifically done extensive monitoring. The research branch has most definitely been examining the effects of the programs which have been initiated not only in this jurisdiction but in others.

**Mr. Mackenzie:** I notice a recent edition of OPSEU News also had a major article saying that an overtime ban might be one of the solutions to staffing problems and I was interested in your comments, inasmuch as you're dealing with government employees. How much overtime are we running into with government employees? Is the Labour ministry monitoring this at all?

**Hon. B. Stephenson:** I'm not sure that the Labour ministry is looking at government employees specifically but we most certainly are looking at employees within the private sector.

**Mr. Mackenzie:** There's another thing that I would like you to deal with just a little more, if it's possible. This really is the point that I know Ross McClellan wanted to raise—the fact that you had, indeed, taken on three additional handicapped people. What I'm really wondering is—I guess I asked the same question in the opening remarks—what, beyond that, are we actually doing in terms of employing those that have real serious disabilities or handicaps in the province of Ontario? What responsibility is the ministry taking, other than the three people that you yourselves may have hired?

**Hon. B. Stephenson:** Mr. Mackenzie, as I told you, what we are attempting to do is to develop a reasonable program of education of the remainder of the staff within government, specifically within our ministry, in order to attempt to modify the attitudes which may impinge upon freer hiring of the physically handicapped. We have attempted to begin the process of putting down in some sort of transmissible form those things which we are learning in order that this may be used by other government ministries and other government departments, because we feel strongly that we

have a responsibility to provide that kind of leadership in this area.

We began this process last January; it is going on apace. We have not as yet had the opportunity to hire as many of the handicapped as we would like to, except during our summer program, and we did have some during the summer program who proved their worth tremendously to the ministry and, I think, set an example which will be of great use in the educational program.

**Mr. Mackenzie:** I don't think any of us, Madam Minister, have any arguments about the need for government to take the lead, but, given the current atmosphere and mood and cutback situation, and no growth really in government services, that's going to be a small percentage of the people who will be taken care of, even if we set the example. What I'm wondering is what your ministry has done, or does it consider it a responsibility to get out to private industry as well as to other levels of government—I think it needs more than an educational program, very frankly—to get this kind of action out there to try to get some jobs opened up for these people?

**Hon. B. Stephenson:** What I'm really talking about, of course, is an affirmative action program on behalf of the handicapped, and that is our goal. We don't believe that we're sufficiently sophisticated in the development of our background information in our program as yet to be, I suppose, as aggressive as we might be, but certainly that's our long-term goal. I don't think this is a problem that we are going to solve overnight, since we have had at least five or six generations of citizens throughout the length and breadth of at least the western, and certainly the eastern, part of the world as I know it, with particular prejudices against those who are physically handicapped in terms of employment.

**Mr. Mackenzie:** My problem, Madam Minister—and I indicated, I guess twice now, and I certainly indicated last year how much of a problem this continues to be in my constituency office—is that you really told us exactly the same thing a year ago; your affirmative action program to try to deal with handicapped people.

**Hon. B. Stephenson:** The affirmative action program that I talked about last year had to do with the Workmen's Compensation Board. This is an extra initiative which the Ministry of Labour itself has taken on.

**Mr. Mackenzie:** Whether it was an affirmative action program or not, the answer I'm getting today is almost identical with what

you gave us a year ago and I don't think there's been one iota of improvement out there in terms of employment for disabled people. At some stage of the game I think we've just got to grab hold of the issue and say, "Hey, look, this is one of the real problem groups. Aren't they handicapped enough? Somehow or other we're going to try, even if it's in small numbers initially, to put them to work." I don't see this government and the ministry doing it. It's not good enough to continue every year saying we've got some kind of an evaluation or an affirmative action program and you hire three people, which is all you've told us you've hired here.

[10:15]

**Hon. B. Stephenson:** We are trying, Mr. Mackenzie.

**Mr. Mackenzie:** Another area that concerns me quite a bit is this: When you take a look at the unemployment problem we have and the fact that a large part of the growth in employment in the last better than 10 years has been in the public sector, and that is not the area where we are having the strongest calls for cutbacks or for restraint, is the ministry trying to do any kind of an evaluation as to what this is going to mean in terms of unemployment in the coming years?

I referred to it before but I want to go back to what I thought were some telling comments of the Pennock report to the social planning council in Hamilton. It was issued back in 1976. They showed that the growth rate within the service sector in Hamilton—Wentworth, for example, had been below that of the province as a whole. But they showed that while the drop in industrial construction employment was about five percentage points as a percent of the total employment, the increase in the service field was better than five per cent, almost six per cent. What the figure ended up showing was that in the Hamilton area from 1961 to 1971 the growth in employment was 38 per cent in the public sector.

**Hon. B. Stephenson:** In the service sector.

**Mr. Mackenzie:** Government and service combined.

**Hon. B. Stephenson:** Right. They are not necessarily the same thing.

**Mr. Mackenzie:** A good chunk of that was the various levels—they have listed all the figures.

What it means is that given the unemployment we've got right now, and if that is all the area where we are going to be effecting our major restraints, have you done an analysis as to what this is going to mean if unemployment increasing even from here?



**Hon. B. Stephenson:** There have been some objections made on the basis of the research information which we have been able to develop, and it does demonstrate that there are certain areas which require more training programs, for example, in order to ensure that there will be appropriate people to fill jobs in communications, in the occupational health field, in the finance field and in other fields as well, and that there will probably be a continuing decrease in employment within the industrial—or manufacturing industry specifically. It also projects that there will be decreases in the service area, but I would remind you that a great deal of the service area is not government employment.

**Mr. Mackenzie:** I think the unemployment problem is something we simply have to start putting our major effort on. I dealt with the subject briefly and there was a brief response in terms of plant moves, plant closures—but what do we do in a situation like that rumoured to be developing at Anaconda here in Toronto. The plant may close and 825 workers may be out of a job, yet apparently we haven't been able to, or they haven't been able to, or nobody locally has been able to make any arrangements to take over that particular plant operation. I don't have the verification of it but I think certainly the ministry should be on top of it.

I am told one of the reasons that it's not a viable operation for anybody else to take over is because the parent company in the States already has conditions that do not allow Anaconda in Canada to sell anything to the States or to the market that is held by the parent company. In other words, somebody who takes it over is only going to be able to sell in Canada if they have been exporting from that firm.

How in God's name do we get ourselves out of that kind of a bind? How can we see the possibility of keeping that plant operating, even were we able to find the local money to take over and operate that plant, if we have no access to the biggest market? What kind of economic planning is that? What do we do with those workers?

**Hon. B. Stephenson:** Having heard that rumour as well, Mr. Mackenzie, we are attempting to verify that indeed that is a fact, and if it is, to see what we can do to resolve the difficulty. Because you are right. There isn't any doubt about the fact that if that plant is to become a viable operation in somebody else's hands, that kind of restriction can't be placed upon it. It has to have free rein to export as much as it possibly can, to whatever jurisdiction it decides that it can economically export to.

As I said, to my knowledge at this point that is a rumour. I don't know whether it's fact or not. We are attempting to find out whether it is indeed fact and if it is fact, then we're going to go after it.

**Mr. Martel:** Can I ask the minister a question right on this point? It relates to comments she made about a week ago when the Premier was in Japan and the fact that the Japanese were slapping us on the wrists because Ontarians and Canadians can't produce as competently as other people. I'm wondering how much work the Ministry of Labour has done. Having spent three and a half years, Madam Minister, on the select committee on economic and cultural nationalism, I'm aware of how much is dominated by the Americans. It relates exactly to what Bob says.

How much work has the Ministry of Labour done to determine if the decisions which make us produce less per man-hour—if that's the case—are made by the parent company in the United States and passed on to the end of the line in Canada and in Ontario? Is this what keeps us in a position of never being competitive for export purposes?

**Hon. B. Stephenson:** Mr. Martel, had you been here the other night, you would have heard my response to a similar question which was asked by Mr. Mackenzie. My response was that indeed there were areas of our productivity that were much better than American areas of productivity, but that overall our productivity had not kept pace with the wage increases in the province of Ontario.

To my knowledge, we have not investigated the rules laid down by American companies, since our responsibility has to do with the working people. I think, if I'm not mistaken, that TEIGA has looked at some of these factors, as a matter of fact, and I'm sure that I and T has as well. I don't have that information today, but I can certainly attempt to find out for you.

**Mr. Martel:** Yes, because I think that we are in a box—and largely over that.

**Hon. B. Stephenson:** When one asks the question of Canadian managers of branch plants of American companies in Ontario, one almost invariably gets the response, "we are autonomous and we function autonomously; we make our own decisions in relation to the overall policy of the . . ." How much effect the overall policy of the company has is something which I don't know, I'll tell you right now.

**Mr. Martel:** Except invariably they don't compete for export markets with the parent company.



**Hon. B. Stephenson:** Not necessarily.

**Mr. Martel:** By and large.

**Mr. Mackenzie:** We can't prove that though, can we?

**Mr. Martel:** We spend a lot of time—

**Mr. Mackenzie:** They can state that but that's not out in the open and I don't think you'll find out even at shareholders' meetings.

**Hon. B. Stephenson:** What I'm saying is that really, it does not fall within our jurisdiction to explore that. But it does, I think, fall within the jurisdiction of some other ministries.

**Mr. Mackenzie:** But, Madam Minister, just not to drop this for a minute. You keep saying, in spite of the questions that we're asking here, and I think it's very relevant to the whole question of unemployment, that while productivity may be good in Canada, it has not kept pace with wage increases. You keep saying that. But that may not be true.

What's also apparent is that we obviously haven't yet been able to take into consideration the facts that decisions aren't being made here, or that you may have a situation such as is raised at Anaconda, or that we're only using a percentage of our productive capacity and that may be because of decisions that aren't made locally.

In other words, what I'm saying is that the dice may be loaded even there. We don't know. It may very well be that productivity has kept pace with wage increases and surpassed it in this country, or could have if all of the factors are taken into consideration.

**Hon. B. Stephenson:** We're hoping that we'll have some more information about this because our research branch is exploring this area in a good deal more depth than it has been with a new project which it has recently undertaken.

**Mr. Mackenzie:** My point then is that you may not be telling us the truth—not deliberately but when you keep saying this. Because I think that you can't get a fair evaluation unless all of these other factors are included.

**Hon. B. Stephenson:** We've tried to include all of the factors about which we have factual knowledge in making any kind of assessment. The figures which I used were not figures developed, I have to tell you, by this government, but figures which were developed in Ottawa by the statistical information branch there. They have been, I can tell you, assessed by the research branch in our ministry in order to validate them

as much as possible. But it is not simply the opinion of the Ministry of Labour. It certainly the opinion of many very noted economists as well that that is so—that the rate of increase in wages since 1960 in the province of Ontario, and indeed in Canada as a whole, has outstripped the rate of increase of productivity. And I am talking about overall productivity. I am not just talking about labour productivity.

**Mr. Martel:** But most productivity is done by what?

**Hon. B. Stephenson:** By what?

**Mr. Martel:** Yes, by whom?

**Hon. B. Stephenson:** By capital, by investment, by management and—

**Mr. Martel:** You can stack your dollar bill that high. Unless somebody runs the machine it doesn't get done. The point I am making is, who determines the quantity that's going to be produced? That's the real issue. It isn't whether we produce less or it's processed somewhere else.

**Hon. B. Stephenson:** The quantity that is going to be produced is the quantity that can be sold.

**Mr. Martel:** Wait a minute. That's right but if you don't allow your subsidiary to compete in the world market with the parent company in the United States, as we discussed in the select committee, we are the end run for everything. If the branch plant in Ontario and in Canada is merely the end run in most instances for American corporations, to satisfy primarily the Canadian market, then there is no way you can increase your productivity to keep pace with the increased costs of labour and so on.

That's the bind we are in and that's what you have got to find out. It isn't good enough merely to look at what's produced in Canada but what are the decisions being made relevant to how much you are going to produce for world economies and not just Canadian economies. That's where most of the branch plants operate—primarily for Canadian economies. There is no way we are ever going to be competitive if those are the decisions that are made in most companies. Some don't; there is the odd one that allows a little latitude but most don't.

**Hon. B. Stephenson:** I do not know that that is fact, but I—

**Mr. Martel:** I suggest you read the select committee's reports—all 19 reports—done by Mr. Rowe who was chairman of that committee.

**Hon. B. Stephenson:** But we shall attempt to explore all of the information that is avail-

le to us in the research project which we are doing.

**Mr. Mackenzie:** Another question I would like to raise with you, Madam Minister, is continuing irritant if you like, and once again how do you really put a handle on it? Patronage is most obvious, to most members at least, in one area and that happens to be the Liquor Control Board or the Brewers' Retail Stores. Unless you go to a government member in most constituencies, or confess at you are a lifelong Conservative, you haven't got a dog's chance of getting a job here. I am just wondering what your reaction is to this, and whether or not—if this is a myth, shouldn't it be laid to rest in some positive way? Or is this going to be a continuing way of—

**Hon. B. Stephenson:** I think you will have to ask the Minister of Consumer and Commercial Relations (Mr. Grossman) about this, but I would have to tell you that my personal experience is that no one I have ever commended for a job in the Ontario Liquor Control Board has ever managed to get a job.

**Mr. Mackenzie:** I don't really think that's good enough, Madam Minister. I think it's not just a question of going to Consumer and Commercial Relations. I think that if this is pretty widely-held view in this province, and it is, that it should concern the Minister of Labour.

**Hon. B. Stephenson:** I am not sure that that is fact either. I have no information that only individuals who are recommended by C members are ever taken on. As a matter of fact, I know that there have been at least two or three in the last little while whom I have heard of, employed in my area, who are obviously not. So I really can't comment on that. To my knowledge, there is absolutely no truth in the rumour which you are attempting to perpetrate and perpetuate right at the moment.

**Mr. Charlton:** There are a couple of things at I would like to raise. The minister talked briefly the other night about the joint federal-provincial-local program in terms of developing local employment—

**Hon. B. Stephenson:** Community employment strategy.

**Mr. Charlton:** —and the two present pilot projects in—

**Hon. B. Stephenson:** There are actually four—one in Hamilton-Wentworth and three in northwestern Ontario.

**Mr. Charlton:** Three in northwestern Ontario—okay. I would just like some additional information on that. You suggested, for example, that although you didn't feel those programs had yet gained any real substantial

success, that you felt there was something useful going on there and that there probably would be some successes. Could you tell us a little bit about precisely what's happening in the specific areas, what kinds of things they are looking at, what probable successes they will have in the near future?

[10:30]

**Hon. B. Stephenson:** Mr. Kinley, who is directly responsible for the program, is here now. Would you come up please, John, and perhaps you can tell Mr. Charlton the details. Mr. Charlton wishes to know what is happening in community employment strategies.

**Mr. Kinley:** We began to implement the strategies back about July a year ago. It's taken considerable time to get the communities organized and to get plans worked out at the community level.

I think in every case, with the possible exception of Geraldton, Longlac and Nakina, we have fairly specific plans developed. In one or two cases there perhaps has been just a little bit of employment generated. But I don't think we're behind schedule in this.

The situation is that the various elements in the community—the local government, the employers, the unions, the service groups and so on—have been working together to make suggestions as to what they think can usefully be done, and it's not on an immediate direct job creation approach. It's on an approach of developing fairly long-term employment in the community.

The situation at Big Trout Lake, for instance—there are about 11 different projects that are either getting under way immediately or should have an impact on helping to employ the population of that reserve. They range from everything from building a causeway, to building a woods road, to surveying a timber stand to see if it will supply the lumber needs of the area, to getting an outreach worker in there to help people take advantage, realistically, of government employment and transfer payment programs.

In the Fort Frances-Rainy River area there were two Indian communities selected for development there. One of the ideas put forward is the development of a rough fish fertilizer plant. That isn't going yet and it will be some time before it does. The same thing with respect to the lumber mill at Manitou Rapids. There has been some work. That mill has been in real trouble financially, and they're working on getting a new product in for the mill and are really quite hopeful that it will get going.

But I have to report that everything is in this stage at this moment. The last strategy to come out in sort of an analytical form was



in June and these are really just proposals as to what can be done, and it's going to take some time to make them operational so that we see actual employment results.

Those of us who are close to it remain hopeful largely because of the intensity of community involvement in almost every—well, in every community that these things will work. We face the acid test of transferring plans into actual jobs. There's no question about that and that's where we're at. Have I been clear?

**Hon. B. Stephenson:** Yes, Mr. Chairman, if I might, there is a document, a report of Community Employment Strategy in Ontario made from a review which was finally completed in August of this year which is available to any member of the committee who would like to peruse it.

I think the important thing about CES is the fact that the local groups which have been established in conjunction with the federal-provincial representatives have picked on specific target groups within their area in order to attempt to develop plans for improvement of employment of those groups. They haven't just looked at the mass and said, "We've got to move in all directions at once." They have been selective about choosing the groups, and they have done it on the basis of local input, rather than anyone else saying, "This is the way you must go."

John is absolutely right: The intensity of those individuals who are involved in this at the local level is really quite remarkable. It is the most encouraging thing, in terms of employment development, that I have seen for a long time.

**Mr. Mackenzie:** In terms of employment development, are we beginning to ask or trying to obtain information as is done in some European countries, which require most of the companies that are going to be expanding, contracting, moving or opening up new lines to file their planning? I know the companies have always been afraid to release this kind of information—I've always heard this anyhow—for fear of losing some kind of competitive advantage.

Is there any program starting to develop in this province to require industry to let the government know what their plans are? They may say, "We intend to build a brand-new plant. We intend to go into a specific product line. We intend to do this, that or the next thing. Or we are going to be modernizing, and that may mean shutting down this particular plant or this particular area."

**Hon. B. Stephenson:** Yes.

**Mr. Mackenzie:** To what extent are we getting this kind of information?

**Hon. B. Stephenson:** We are getting a great deal of this information through our employment adjustment service, as a matter of fact—and not only when plants are decreasing the size of their staffs or proposing to shut down—so that we can help them establish employment adjustment service and attempt to assist those employees who will be out of work to find other jobs. That's one of the roles.

We are also getting a great many requests from plants expanding or modifying their situations in which they are going to need other workers than those they have at present, with different kinds of skills and training. Our employment adjustment service works very closely with those people in committees to attempt to assist them to make whatever changes have to be made with the least possible disruption, to the community specifically, to enhance the employability frequently of some of the individuals who might be employed in the plants, and to do it with the least disruption to the plant when they are in an expansion process or a modification process.

**Mr. Mackenzie:** Up to now, though, this is voluntary. We have nothing that requires them to do this at all.

**Hon. B. Stephenson:** It is voluntary.

**Mr. Mackenzie:** In other words, if it is not to the advantage of a particular firm, they are obviously not going to let us know. Or if they feel it is not to their advantage, they are not going to let us know.

**Hon. B. Stephenson:** They are certainly required to let us know about layoffs, so we are involved in almost all of those where it is likely to result in a decrease of employment. Because of that requirement, we are aware and we make every attempt to be of service in that area.

They are not required to let us know at this time, at any rate—about expansion of the plants, but many of them, particularly those that are organized but some that are unorganized as well, see the advantage of having the expertise of the ministry in this area involved. With an increasing frequency, they are coming to us asking for assistance.

**Mr. Mackenzie:** What about a major problem? It may not be a shutdown or closure for a permanent period—and I know my colleague Mr. Martel has raised it—but a question of a shutdown for a fairly extended period, say four weeks, six weeks or eight weeks. Are we also getting any kind of systematic notice of these or not?



Hon. B. Stephenson: Yes.

Mr. Martel: But you have no way of acting against them?

Hon. B. Stephenson: To act against them?

Mr. Martel: Yes. To make sure that the company has acted in a proper manner until, believe, about 13 weeks into the shutdown.

Hon. B. Stephenson: We don't have any legislative authority to enter in, but frequently there are discussions with the company to attempt to minimize whatever damage there might be.

Mr. Martel: Let me give you an example. As you know, Falconbridge Nickel not only laid off more than 300 men, which through negotiations was reduced to 150, or something like that; they announced the night before last, apparently, that another 350 were to go—but they shut down the total operation for a month after the union had asked the company to shut down the operation for a month during the vacation period. The company wouldn't talk about it. They refused to negotiate the possibility—I am told by the union, anyway—of a shut down during the summer months when vacation period was on. Once most of the vacations were used, Falconbridge on September 11—I believe that was the date—shut the operation down for a month.

That type of conduct is unconscionable, because they could have easily shut down in July or August, when you shut down the whole operation, as shutting it down when most of the workers had taken their vacation pay and would either lose two weeks' pay or get two weeks' unemployment insurance from the public purse. That type of conduct is unconscionable, and I think that should be done so that we get involved in that sort of game.

Another mine, National Steel, to their credit, took the month of August off and shut down the entire operation. Many men had the full month on vacation and didn't lose any money, and it didn't fall to the public purse to pay two weeks of unemployment insurance.

Surely there's a time when government must respond to that sort of attitude of management. The best thing that could happen to Falconbridge tomorrow would be if they fired Marsh Cooper, because in the last three years he's made \$125 million worth of mistakes. The plant that has never operated in the Sudbury basin has cost Falconbridge \$100 million or thereabout. A mine that he built at a cost of \$20 million was too large for the ore deposit, and the same thing

occurred at a second mine. They did the same thing in 1973 to the Conservative government in Alberta, by the way, and there was a royal commission inquiry into Falconbridge's conduct. I guess it was their little venture into the coal fields that led to a royal commission, which made certain recommendations pertaining to private companies.

All the Ontario government has ever done when Falconbridge have threatened to lay workers off is to do what it did in 1975—go in and give them another tax writeoff so they can continue offshore development, in Norway and other countries, at the expense of the Canadian taxpayer. That hasn't helped us one jot, although Leo Bernier said it was going to do great things and it was going to prevent further layoffs. In fact, at least 350 jobs are permanently gone in Falconbridge. They wrote off their offshore development and expanded their operation in Norway, and we get left holding the bag.

They can act in the most improper manner. Can you imagine a corporation refusing to negotiate a shutdown in July or August when men had vacations and when in fact it wouldn't have cost the taxpayers anything for many of them who have worked there for 20 or 25 years and would have three to four weeks' vacation pay? We paid for it, and there are workers who paid for it by not drawing any pay. That sort of conduct is simply intolerable, in my opinion.

It's time the Ministry of Labour moved in to protect the workers with some type of legislation—I don't know what kind it should be, Madam Minister—against that sort of conduct. A company the size of Falconbridge didn't decide on Labour Day weekend to lay off on September 11. They knew about it in early August. Probably the company knew long before that; the men knew in early August. I'm sure this small company owned by Superior Oil—Leo likes to talk about poor little Falconbridge, owned by Superior Oil—didn't make that decision two days before it occurred. That conduct can't be tolerated, because the public paid in terms of unemployment insurance benefits for those workers who were deprived and many of the workers who lost their pay also suffered.

Under your Act—I checked with your ministry in Sudbury to see whether there was any handle we could get on it under the Employment Standards Act, I guess it is—it's only after a 13-week layoff that we can be involved. They can play games; they can do what they just did; they can lay off

workers—and now they have announced more to come.

I tell you, this guy Cooper is for the birds. We wouldn't tolerate him in government for five minutes. When somebody can blow money the way Marsh Cooper does and make the errors that man has made and remain as chairman of the board, it's no wonder this society pays to pick up the tab. They are lousy decisions. They are totally inhumane and they're totally unbecoming.

I just don't think that we as a government can sit idly by and watch a company manipulate the public in the way that Falconbridge Nickel has done, and continues to do. Giving them further concessions wasn't the solution; my colleagues from the basin and I opposed that in 1975 and said it wouldn't do a thing. It kept the work force there for another two years, but they are giving it to us again in 1977.

[10:45]

That has been the history, if you check Falconbridge; not only here but check in Alberta on what they did in the coal development there where there's a royal commission inquiry. Then you can understand why they are able to do what they do, because they are paying the blacks in Namibia \$40 a month. We give them offshore development concessions in the tax field so that they can open up more mines in Namibia, where they pay the blacks \$40 to \$50 a month. We are giving them our money to open that up so we can lay off our people. That's the type of concession that's becoming of a government, really.

I don't know if we are ever going to wake up to what's going on in the natural resources field. I'll tell you it isn't just Falconbridge, because Inco has, as of yesterday I am told—the Steelworkers contacted me—the rumour is that there are 2,500 to go right after the new year at International Nickel. I want to ask the minister about that as well, if they have notified that there are 2,500 men to go, or if there has been any notification about early in the new year. Certainly the rumour is rampant in the Sudbury basin. I'll tell you that there are a lot of people who are fearful. There's no confirmation? I got it from the president of the local yesterday.

**Hon. B. Stephenson:** We have no such information about Inco.

**Mr. Martel:** You have no information on that. Could you check it out?

**Hon. B. Stephenson:** About the rumour? Sure, we can always track down the source of the rumour, I suppose—

**Mr. Martel:** The best way to check is with John McCready, I guess.

**Hon. B. Stephenson:** —and try to find out whether there is any validity in it.

**Mr. Armstrong:** John McCready is certainly one source, but let me say, Mr. Martel that it would be more useful if the Steelworkers would come to us directly when they hear these rumours and tell us about them. John Scott is here and he indicates that we have no information on the rumour in Sudbury.

I think if the unions expect the Minister of Labour to be doing something they have an obligation not only to come to you but to come to the ministry and tell us what the rumour is, and let us see what we can do. It is true there is no legislative mandate but there are certain things that can be done in discussions. You can't do anything if you don't know about it.

**Mr. Martel:** In this case we simply don't know, but certainly in the Falconbridge instance there was sufficient material supplied to the Minister of Natural Resources, and suppose to the Ministry of Labour. They have to be aware of it in the Sudbury area; you people in Sudbury were aware of the announcement, I am sure, shortly after it was made.

What bothers me about Falconbridge is the conduct. Why would a company be allowed to—I know you don't like to get involved in collective agreements, no or does—

**Hon. B. Stephenson:** The collective agreement is something between the union and the company.

**Mr. Martel:** That's right; except that the public in this instance is paying.

When they laid off or shut the plant down would it not have made more sense to shut it down when most men could have had their vacation together with their families in July or August? We in fact shut the operation down for a month. Surely that's crazy, because the taxpayer picked up a large chunk of the tab through unemployment insurance, which is half-paid by the federal government anyway. But that's your and I; we paid for it. That sort of conduct is crazy. Surely we can't allow companies to act in that fashion.

After the unions had gone and asked them to shut it down in July or August, this multinational determined in its interest wouldn't, and then shut the whole thing down later on.



**Hon. B. Stephenson:** I think I can only go to Mr. Armstrong's statement that it would have been useful to us if the union had notified us that the company was unwilling to discuss this, because although we have legislative authority to do anything, we would most certainly have attempted to talk to the company in order to persuade them at discussions would be useful and sensible. It's not without some measure of success, in any instances, that this is carried on. But we were not informed by the union, for example, that the company refused to discuss. It would have been helpful to know, if the company did refuse to discuss it. It would seem to me that it would be in the union's best interest to let the ministry know these things.

**Mr. Martel:** Did you know it was coming, or the way?

**Hon. B. Stephenson:** No, not until it came.

**Mr. Martel:** I mean the layoff, the shut-down?

**Hon. B. Stephenson:** We were informed, I think, the same day that it was announced.

**Mr. Martel:** Early August?

**Hon. B. Stephenson:** I guess it was early August. I was going to say the middle of August, but it was early August.

**Mr. Martel:** What bothers me is that this company—

**Hon. B. Stephenson:** But if indeed—

**Mr. Martel:** Certainly that isn't the way a company should be conducting its business.

**Hon. B. Stephenson:** If indeed there had been discussions with the union and if the union was unhappy that the discussions had not been fruitful in terms of making more sensible arrangements, as you suggest, then surely they could have come to us and said, "Look, we're having problems." That's one of the things the ministry is there for. We could most certainly have attempted to do whatever we could to help resolve it.

**Mr. Martel:** There's a history of that company shutting down in summer months for vacation periods, both they and Inco have done it. Why they would choose this route of something I've never been able to figure out. It doesn't cost Falconbridge any more to shut down in September than it does in August, but it certainly costs John Q. Public that's us—and the workers a hell of a lot more to shut down then.

What type of conduct is that by a company anyway, that it would act in such an improper manner? That is what is really aggravating. We can blame the union and say

they should have gone to you, but it's the conduct of the company that bothers me.

**Hon. B. Stephenson:** I'm not blaming the union. I'm simply suggesting that it might have been headed off or done on a more rational basis had we been able to become involved.

**Mr. Martel:** Did you get involved at all and ask them why?

**Hon. B. Stephenson:** At the time?

**Mr. Martel:** Yes.

**Hon. B. Stephenson:** At the time, no. They had very valid business reasons, based upon the stockpiling, based upon the prices and based upon the difficulties which they had in the past. There were a number of factors but at that time the workers had been notified that they were being let out.

**Mr. Martel:** Did you ask why the timing was at that time as opposed to another time? Falconbridge has done it in the past. They've shut down the whole operation for a month, as has Inco. It is not unique, in the Sudbury basin, to see a whole operation close down so that everyone has the same time off.

**Hon. B. Stephenson:** If I might simply reiterate, it seems to me that the role of the Ministry of Labour should be directed more in a preventive direction than perhaps it has been in the past. We would be very happy to work with unions, or with companies for that matter, to try to resolve some of the difficulties before they occur; but we need to be informed.

**Mr. Martel:** Then I think you have to introduce some type of legislation, because once the company had made its decision to close down for a month we're not in a position to act and I'm saying we'd have to be in a position to act. I don't think a company should have acted in that improper manner, unilaterally; and that's what they did. I just think there has to be some way that this company has got to realize that it can't act in such a high-handed fashion.

It could have as easily closed down in August as it did in September. It's easy to make those corporate decisions when you're not paying for them, because the public pay and the workers who were laid off pay. Marsh Cooper went his merry way and sold some more stocks inside.

**Mr. Chairman:** I think Mr. Charlton had the floor, but Mr. Martel has been doing all the talking.

**Mr. Martel:** I'm sorry.

**Mr. Chairman:** Mr. Charlton, do you have any further questions of the minister?

**Mr. Charlton:** No.



**Mr. Mackenzie:** I have three additional short points, then as far as I'm concerned we can get on to the vote.

In your taking a look at the wage differentials, and any further decisions you may make in terms of whether or not waitresses or servers of alcoholic beverages operate at different wage levels, is there any way you can also take a look at the \$1 an hour that we had in a program this summer to attempt to get young people working and find out how many of those in effect went to the tourist industry or those who would be most active in serving people who might be visitors to the country? In other words, how much of that was an additional subsidy to the tourist industry? How many of the dollars-an-hour went to this industry?

**Hon. B. Stephenson:** I think we can probably get that information from the Youth Secretariat. They are, at the moment, compiling all of the information which they've been able to gather about the program, which was a good deal more successful than we had anticipated it would be.

**Mr. Armstrong:** My understanding is that that information is available. I don't have it here but I think that analysis has been made.

**Hon. B. Stephenson:** Is it completed as yet?

**Mr. Armstrong:** I think so. They talked about 39,000 jobs that were created through the Ontario youth employment program.

**Hon. B. Stephenson:** And they know where they were.

**Mr. Armstrong:** They know in which industries they are.

**Mr. Mackenzie:** I would be interested, because it just may be one of the factors that should be considered in terms of workers who are earning tips. The other thing you mentioned yesterday, and I was just wondering what your timing was again, because one of the questions I've had all of the unions asking—you talk about the unions talking to you people about issues—is that Kelly report. Did I hear you say that would be out very shortly?

**Mr. Armstrong:** I talked to Mr. Justice Kelly not more than a week ago and one of the difficulties in the delay—and for a commission it hasn't been undue, in my respectful submission—is that there was a great delay in getting some of the major briefs in, primarily on the union side but also on the employers' side—primarily on the union side, I emphasize—so that the summer months were largely lost.

He is now engaged in a series of discussions with the persons who presented the major briefs and has indicated that he is moving ahead with dispatch and expects to

report soon; I would expect by the end of the year.

**Mr. Mackenzie:** In terms of the employment programs that we were talking about little earlier, has the ministry considered geography in terms of where jobs do develop in this province and the potential of some assistance in getting people there, or fitting people to jobs where it may mean taking them out of one region and moving them to another? Is there any real planning in the area or do we look at it at all? If we find out that, yes, there are jobs or expansion opening up in one area of the province and we've got the personnel that could fill them in another area, but those people may have been out of work for a while or may have a financial problem, are we taking a look at all at any assistance, which might be a lot less than maintaining them on some of the support programs, to get them to the area or to consider their family?

**Mr. Armstrong:** There is no specific provincial program for encouraging mobility. The federal people have an allocation to Ontario under their mobility program. It was not fully spent by quite a substantial amount last year.

**Mr. Mackenzie:** Do we have the right to take advantage of that as a province?

**Mr. Armstrong:** Oh, yes. Individuals can take advantage of it.

**Mr. Mackenzie:** There's no provincial input to it, though?

**Hon. B. Stephenson:** As a province we can't take advantage of it, but those individuals who would be happy to use it can most certainly take advantage of it.

**Mr. Armstrong:** I can add a little bit if you want me to. There is a specific look at the northwestern section of Ontario, with respect to this problem, going on in the research branch of the ministry. That project is rapidly coming to completion and it may have some recommendations that can be quite useful in this area. Experience at getting people to move has not been good, not only in Ontario but right across the country.

**Hon. B. Stephenson:** I really don't think we should attempt to duplicate the initiative which Canada Manpower has taken in the area of providing mobility funds. I think that would be very unwise, but I think it is unfortunate that the funds which are available for the use of workers in this jurisdiction has been very much under-expended.

**Mr. Martel:** It's difficult to get.

**Mr. Mackenzie:** I think Mr. Martel may be right. It may be a little difficult to get. I don't want a duplication of programs either, but I want programs that are going to try

work. If the one we have is not working, and if that is a factor, and I have no way of measuring that, then it's something we would be taking a serious look at.

**Mr. Martel:** Just on that point, if you're not recommended by the Canada Manpower office, you go and locate the job yourself and then try to get money to move—no way. That may be one of the reasons why it's underspent; the difficulty. You have to get approval from them. They have to locate the job. You go and find the job somewhere and they say, "No, you're not getting the money." I happen to know because I share an office with a federal member. It's a regular occurrence that people can't get the money to move.

**Hon. B. Stephenson:** We can most certainly take that up in our discussions with the representatives of Canada Manpower which are now designated for the province of Ontario, because it was my understanding that it didn't matter whether you got the job through Canada Manpower or not, the mobility funds were there to be used by those who were transferring.

**Mr. Martel:** I have seen many families—you know, in the mining field there's a lot of relocation—which have great difficulty getting the money.

**Hon. B. Stephenson:** When you say they have great difficulty, does that mean they can't get it?

**Mr. Martel:** If you come through the federal member, you sometimes get it cleared up, but I want to tell you there are many, many occasions—and it shouldn't have to be that way.

**Hon. B. Stephenson:** That's right.

**Mr. Martel:** If they've got a job and they're willing to move their family, you move them. It just doesn't operate that way.

**Hon. B. Stephenson:** Okay, we'll discuss with them.

[1:00]

**Mr. Mackenzie:** The last point I want to raise, Madam Minister, is one I meant to raise in the opening statement and I didn't, and that's the definition of "strike." This is as a result of three letters I have here from three of the major unions. Their opinion is that "strike" and "lockout" should be defined identically. I'll just read you one paragraph here: "I'm sure you are aware that under the recent Act the companies are free to lock out employees for political reasons and would be exempt from any violation of the Act, whereas the unions, for example on their October 14 day of protest, were, I'm afraid, in violation of this definition of strike under

the Act. Since both represent the weapons available to the parties, we feel strongly that the definition of strike and lockout should be the same." What is the ministry's response to that?

**Hon. B. Stephenson:** The definition has been developed in jurisprudence, really, by the Ontario Labour Relations Board, with some other input as well. I don't see much representation from the Labour Relations Board here.

**Mr. Armstrong:** What is the specific deficiency in the lockout definition to which the unions objected?

**Mr. McKessock:** I have to be frank with you, I haven't discussed it with them, Tim, but they made the point fairly strongly that they think the definition should be the same in strike or lockout. I'll go into it further. I'm just wondering what your response would be?

**Mr. Armstrong:** Perhaps we can return to that question when we reach the Labour Relations Board item. I know there is a difference in the definitions, but I've never been quite clear as to how making those definitions symmetrical would solve a particular problem that anybody raises. People keep raising the difference, but—

**Mr. McKessock:** We may need some clarification on both sides, but the point has certainly been made with me.

**Mr. Chairman:** If there are no further questions we can proceed with the votes.

On vote 2301, ministry administration program:

Items 1 to 3, inclusive, agreed to.

On item 4, personnel services:

**Mr. Mackenzie:** Item 4, personnel services, \$386,200: Is that part of the increase from nine to 15 we were talking about just briefly the other evening?

**Hon. B. Stephenson:** No, that was in main office.

**Mr. Mackenzie:** What is the increase here?

**Mr. Armstrong:** The increase in personnel services here is from 12 to 16, an increase of four, and that increase is related in the main to the additional burden placed upon the personnel services in connection with recruitment for the occupational health and safety program.

**Mr. Mackenzie:** The recruitment?

**Mr. Armstrong:** Yes, recruitment and administration resulting from additional staff.

Item 4 agreed to.

On item 5:

**Mr. Mackenzie:** Item 5, \$356,900, information services: Would that increase, Madam



Minister, also be related to the new publicity needed in terms of occupational health and safety, or what?

**Mr. Armstrong:** Yes, there's an increase there from nine to 11, one additional public relations officer and one clerical support, in the main related to the occupational health and safety program.

**Mr. Samis:** Can I ask, Mr. Chairman, on information services, can the minister give us some idea of what attention you give to bilingual information services in northern and eastern Ontario, for example?

**Hon. B. Stephenson:** We are attempting to improve our facility in that area.

**Mr. Samis:** What's your current policy though? What is your emphasis in terms of what you're doing to bilingualize—

**Hon. B. Stephenson:** In providing our information in both languages?

**Mr. Samis:** Right. What do you do, though, now that it is bilingual in your information services?

**Hon. B. Stephenson:** I don't think we have any—the Labour Relations Act is not in French at the moment. I can't think of any of the Acts for which we have responsibility which have been entirely translated, but the information which is supplied about those Acts to people inquiring is transmitted in the language in which they inquire. Sometimes it's a little difficult if the language is somewhat exotic and we don't have the capability.

**Mr. Samis:** In places like northern and eastern Ontario, is this readily available? Do you make special efforts to request it and to obtain it from Toronto?

**Hon. B. Stephenson:** In many instances the information can be transmitted verbally, or in letter in French, because of the fact that our offices in that area are frequently bilingual. We have an increasing number of bilingual officers as well. If there is a problem, in the area, of having it translated properly, then it comes into main office.

**Mr. Samis:** In the context of your information services in the north and east, do you require that your senior personnel have some knowledge of bilingualism?

**Hon. B. Stephenson:** We have not in the past.

**Mr. Samis:** Have you given consideration that every office at least have one key person who is fluently bilingual?

**Hon. B. Stephenson:** I am not sure that we have a specific designation of one key person. We most certainly have attempted to have individuals within the office who are capable of translating from English to French specifically.

**Mr. Samis:** Your approach seems to be that it's not a set priority. You would like but you don't insist upon it.

**Hon. B. Stephenson:** We are trying to do it.

**Mr. Samis:** But is it a set policy?

**Hon. B. Stephenson:** No, it's not a set policy. We are responding where the need seems to be obvious in the best way we can which is by having individuals employed in that area who have that capacity. It's not simply in information services nor in employment standards nor in our field officer but also in the mediation-conciliation branch.

**Mr. Samis:** Can you give me just a rough idea of the number of bilingual personnel now, versus five years ago?

**Hon. B. Stephenson:** No, I can't; but we can try to get those figures for you.

**Mr. Martel:** Can you say what is happening, particularly as it pertains—I expect largely to Metro Toronto? Most of the construction workers would be Portuguese, Italian or Greek. What is happening in the field; because they don't speak English, how alone read it? Is anything happening?

**Hon. B. Stephenson:** One of the difficulties is that many of them don't read their native language as well so that most of the communication has to be verbal.

**Mr. Armstrong:** Perhaps, on the construction field, Mr. Cleverdon could speak about the capacity of inspectorate in that connection.

**Mr. Cleverdon:** The Construction Safety Act and the regulations are printed in full in English, French and Italian, and the abstract for the project is in English, French, Italian and Portuguese. We have French capacity in full in Thunder Bay, Sudbury, Ottawa and the Cornwall area. We have Italian capacity in four or five places; and we have Dutch, German and Ukrainian, Polish, Russian—any three or four more, I can't recall them off hand.

**Mr. Martel:** That's interesting, because the department seems to be somewhat further advanced in meeting with the workers than let's say maybe other departments within the ministry. Has the necessity to explain it earlier in the game to these workers led to this, sort of being well versed in a variety of languages through the people you hire earlier in the game? Why is that then?

**Hon. B. Stephenson:** How is it in employment standards?

**Mr. Scott:** In the employment standards branch we have access within our own branch, in a number of offices, to the different languages that our people speak. We



we published brochures and bulletins over the years in different languages, in French and in some cases Italian, and circulated them and made them available to the public, such as in Sudbury. We have an officer in our own branch in Sudbury who speaks French and in Toronto, Ottawa and Windsor.

**Hon. B. Stephenson:** What about industrial safety?

**Mr. McNair:** The Act is translated into French and we have several officers in the north country who speak French. I have a working relationship with the language because I took the internal course.

**Mr. Martel:** But construction still seems to be leading the way.

**Hon. B. Stephenson:** Probably because of the fact that there are more workers with different ethnic backgrounds in construction. Overall numbers, no; but there are relatively more who have a lesser facility with English. It is an immediate need to keep them informed of the safety rules and regulations which they must follow.

**Mr. Cleverdon:** One reason is that we investigate all fatal and critical accidents and most serious ones very thoroughly and many of the key witnesses speak only Italian, Portuguese or French. You must talk to them. In the recent case in which two men died, I think we had only one English-speaking worker on the project; all the rest were Portuguese or Italian and Portuguese. We needed a man down there who is fluent in English, French, Italian and Portuguese. He asked all the questions and then gave the answers in English to his buddy who wrote them down. That's the key reason for it.

Item 5 agreed to.

On item 6, analysis, research and planning:

**Mr. Mackenzie:** Madam Minister, just before we leave that particular vote, I'd like to get on to that hobby horse of mine to find out what you are doing about it. What steps are being taken to look at this province on a regional and geographic basis, to look at what the planning needs and employment policies and practices are likely to be, and what kind of training for jobs is likely to be needed or not needed in given areas? Once again, I know I'm referring to a situation in which information has to be filed ahead of time, and it often means a sense of regional labour inquiries in the country but we should be able to react a little quicker and assess what kind of training for jobs is needed or not needed, and where people will have to be moved to or from. I'm wondering if part of the planning we do will look at that kind

of system or if, indeed, if we have even thought of it in the province of Ontario.

**Hon. B. Stephenson:** Yes, we have thought of it. Although our capacity to do this is certainly incomplete at the moment, it's one of the directions we're pursuing vigorously, right now.

**Mr. Mackenzie:** You say it's one of the directions you're taking? You have some sympathy with that kind of planning?

**Hon. B. Stephenson:** The requirement for that planning has been accepted, and we're moving much more rapidly in that direction than we had been capable of doing before.

**Mr. Mackenzie:** So this province may at least be moving in that direction in terms of employment?

**Hon. B. Stephenson:** It requires input from other ministries as well as the federal government, and it requires, in addition, the co-operation of other groups, not only to develop the information but to analyse it in a way which is going to be most useful for manpower planning.

**Mr. Mackenzie:** I suspect our big problem may be that to really do this on an effective basis, the information would probably have to be compulsory, and I know how that scares certain people.

**Hon. B. Stephenson:** I think there are sources presently existing which could be tapped without too much difficulty.

**Mr. Armstrong:** The other thing is, as you're aware, Mr. Mackenzie, this north-western Ontario manpower adjustment study has been under way for some time. I gather 10 or 12 major component studies will be published within the next month or so. It has been a very extensive study and, in addition to that, the research branch of the ministry has a division devoted to manpower, employment and opportunities in which there are—and I think you're perhaps aware of these—a number of continuing studies that are publicly available.

The acting director, Mr. Haywood, is here and he can speak to those in detail if it's necessary. In addition to the ongoing studies, there are a number of new studies in the work-planned area which he can speak to.

As to whether, other than the north-western study, there are specific regional studies going on, perhaps Mr. Haywood could speak to that question.

[11:15]

**Mr. Haywood:** I think there are a number of studies going on mainly in the northeast and northwest areas, in the Sault and the Sudbury areas, yes.

**Hon. B. Stephenson:** Mr. Mackenzie is asking whether we're doing it from a provincial base, rather than selecting regions within the province; and we have concentrated in the past on specific regions rather than looking at it on an overall basis. But, certainly, the intent is to expand that capability so that we will be better able to look at it from a provincial basis, with special consideration for geographic and demographic differences.

**Mr. Martel:** Your research is directed towards occupational health and so on? Does it come out of that fund or strictly out of the occupational health and safety program itself?

**Hon. B. Stephenson:** It's in the OH and OS division. Some of it comes under the division; the other portion of it will come from the lottery.

**Mr. Martel:** None of it comes out of this fund?

**Hon. B. Stephenson:** No.

**Mr. Armstrong:** But, just to be clear on that—there is in the research division a newly-created position of manager of information with respect to occupational and safety problems.

**Mr. Haywood:** Yes, it is a new program we have developed to service the occupational safety branch.

**Mr. Armstrong:** You might speak to the numbers of people devoted to that.

**Mr. Haywood:** There are at least three people devoted to that. I think two of them are now in place, and there's a vacancy we are now trying to fill.

**Mr. Martel:** They don't do research.

**Hon. B. Stephenson:** No, just collect information, that's right.

**Mr. Armstrong:** Gathering data.

**Hon. B. Stephenson:** And analysing it.

**Mr. Martel:** Maybe you can let them gather the data with respect to asbestos—

**Hon. B. Stephenson:** No, they would not.

**Mr. Martel:** They wouldn't be responsible for that little oversight in your bill.

**Hon. B. Stephenson:** No, it is not an oversight which I shall be very pleased to clarify for you when we get to occupational health and safety.

**Mr. Martel:** Generally, there's a battle over that.

**Hon. B. Stephenson:** There isn't any battle because there isn't any problem.

**Mr. Martel:** There is, too. Maybe you think there's not.

**Hon. B. Stephenson:** No, there isn't.

**Mr. Martel:** Most of us think different. It is a very serious problem. It's a very serious omission.

**Hon. B. Stephenson:** It is, in fact, not omission, as you will learn.

**Mr. Martel:** Having done a little research on this, we know that—

**Hon. B. Stephenson:** We're talking at cross purposes, Mr. Martel.

**Mr. Martel:** It goes back to 1919 with radon in Czechoslovakia, I guess, and Poland and so on; there seems to me to be ample reason why—

**Mr. Chairman:** We're straying off the beaten path, Mr. Martel.

**Mr. Martel:** We were talking about research, and I was just wondering if this was the problem which led to that rather serious blunder.

**Hon. B. Stephenson:** No.

**Mr. Chairman:** I think Madam Minister answered your question, Mr. Martel.

Item 6 agreed to.

On item 7, legal services:

**Mr. Mackenzie:** I'm interested in this because it's about the only section that doesn't make me unhappy, I must say with all due respect to any lawyers that are around—it's about the only section that isn't increasing substantially. Did we forget to give some people a raise in the ministry or something?

**Mr. Armstrong:** No, as you know, the legal services people are on secondment from the Attorney General's ministry. There is an absolute increase in complement. I think everybody got the merit increase to which they were entitled. Most of them were at the top of—

**Mr. Hess:** Not yet.

An hon. member: I wondered if they had left you out, Paul.

**Mr. Armstrong:** Perhaps I should leave there.

**Hon. B. Stephenson:** Yes, obviously.

**Mr. Chairman:** Gentlemen, before I move the item carried, I think we should adjourn. Mr. Mackenzie is happy, they are all laughing.

**Mr. Mackenzie:** I'm always happy.

**Mr. Chairman:** Does that answer your question, Mr. Mackenzie?

**Mr. Mackenzie:** Yes.

Item 7 agreed to.

On item 8, audit services:

**Mr. Mackenzie:** Is the increase in the audit fees that great? Is it based on the increase in the budget? I am just curious, that's all.



**Mr. Armstrong:** Perhaps Mr. Morgan could speak in more detail. There is a \$67,400 increase related to the requirements brought about by the inheritance of the occupational health and safety and there is a breakdown of that. It relates to charges to the central computer service and other things. But it's what we refer to in a sort of short form as Ham-related additions.

Item 8 agreed to.

On item 9, systems and data processing:

**Mr. Armstrong:** I'm sorry—

**Hon. B. Stephenson:** You were talking about that.

**Mr. Armstrong:** —I was talking about systems and data processing. May I go back to the audit services? There is one internal operational auditor who has had two summer students with him. He has been reclassified and his salary has been upgraded. That accounts for an increase of \$17,300. In the remarks I was making, I am sorry, I was talking about systems and data processing.

**Mr. Mackenzie:** I don't know how you got an auditor for \$23,000 last year. That's not a lot of money.

**Mr. O'Neil:** I wonder if I could add to that particular item 9. Do you contract that out or do you do most of your own systems and data processing?

**Mr. Armstrong:** There are 23 in the complement and they are all complement persons within the ministry, nine of whom, I think, are on loan from the central services. To answer your question, there are no outside systems and ADP people in the picture.

**Mr. Mackenzie:** Just so I understand that, I take it that is the dissemination of various information to the various departments of the Ministry of Labour, where your analysing has to do with some of the information we would get on contracts and the development of them?

**Hon. B. Stephenson:** Yes, it is.

**Mr. Armstrong:** Yes.

**Mr. Mackenzie:** It is the data that spills out periodically, some of which is very good to have.

**Mr. Armstrong:** I can give you listings, for example. Almost every one of the divisions of the ministry makes use of the systems and ADP research—industrial safety, human rights, occupational health and safety, construction—really everything. In addition to that, we provide services for two other ministries of government—Consumer and Commercial Relations and Colleges and Universities.

**Mr. Mackenzie:** Just one question: I guess it may be obvious, but what's "less recoveries from other ministries"? Do they pay for information you feed to other ministries?

**Mr. Armstrong:** Yes. Those are the two ministries I mentioned.

Item 9 agreed to.

On item 10, advisory councils, labour safety and occupational health:

**Mr. Martel:** Do those people who are on those advisory councils get a per diem or does that just cover their expenses?

**Hon. B. Stephenson:** They get an honorarium and expenses.

**Mr. Armstrong:** Curiously, the people in the Occupational Health Advisory Council, which was inherited from the Ministry of Health, get a per diem. The Labour Safety Council members do not.

**Hon. B. Stephenson:** The new one will.

**Mr. Martel:** I mention it because I get into a running battle with your colleague, the Minister of Health (Mr. Timbrell). You mentioned that the Occupational Health Advisory Council people get a per diem. In Sudbury the health council is made up of local people and two of the people on it are from labour. When they leave the plant early they are docked their pay. They have asked the Ministry of Health for a per diem because they can't afford to lose \$16 a day. Dear old Dennis Timbrell is telling them, "No, no, we don't believe in deterring from the giving of your time voluntarily." If you are on salary you are paid when you leave. It doesn't matter. But if you are on an hourly rate, your pay is deducted. Dennis says we can't detract from people giving of themselves freely to serve on a health council in the Sudbury region. If they happen to be workers, he's going to write Inco and ask for their time, by the way. But he won't give a per diem for those people who have labour representation. And yet on the health council the occupational health people from the Ministry of Health, from which I received my letter, we find, lo and behold, they've got a per diem. Somebody is not being very honest with me.

**Hon. B. Stephenson:** No. I think I can tell you something about that. Advisory councils are not considered to be exactly the same as district health councils. The district health councils function within their own region. The advisory council members must come to Toronto—

**Mr. Martel:** But surely, if we expect working-class people to work a day—

**Hon. B. Stephenson:** We are all working-class people.

**Mr. Martel:** They are hourly rated; when they leave the plant, their pay is deducted. If you happen to be a salaried man it isn't



deducted. If we want people who represent the great masses of the public to take part on the health councils, we must have a per diem for them. For the Minister of Health to give you this line is hogwash. In fact, I put a letter on tape yesterday. I'm going to go back and amend the letter and ask him to check into the occupational health people who used to be with his ministry. It doesn't seem to me he wants working-class people on that council very badly; otherwise, he would have agreed to a per diem for them. I just raised the question because it's an interesting distinction.

**Mr. Hennessy:** Let me ask Mr. Martel, through the Chair: If you intend to do that, what about the other boards that are under the jurisdiction of the government?

**Mr. Martel:** Most of them get paid.

**Mr. Hennessy:** Just look it up, my friend. You asked a question and you knew the answer before you asked it.

**Mr. Martel:** John Diefenbaker said you should always know the answer to the question you ask; that way you never get in trouble.

**Mr. Hennessy:** Yes, but don't put yourself in the same class as Diefenbaker.

**Mr. Martel:** I'm saying that I know of enough people around here who got per diems and so on that it is a lot of hogwash for Dennis Timbrell to use that as an excuse not to pay a per diem to working class people who must leave the plant in order to serve on an area health council.

**Mr. Hennessy:** What about the other boards?

**Mr. Martel:** We'll check the other boards as they come. I'm talking about this board now. That's the only one that happens to be before me now. You follow me around and I'll ask the same question.

Item 10 agreed to.

Vote 2301 agreed to.

On vote 2302, industrial relations program; item 1, program administration:

**Mr. Mackenzie:** Given the current unease, at least as a result of the AIB and a number of other things, why would we have a reduction in this field? Is everything going so rosy that we can reduce this from \$367,000 to \$354,000?

**Hon. B. Stephenson:** That's just administration, Mr. Mackenzie. I think it measures our increased efficiency and decreased complement. If you will notice, the total vote is most certainly increased because we have increased the complement in the area of mediation and conciliation services in terms of the

actual officers who are involved, because our concern about the matter which you raised.

**Mr. Mackenzie:** But they don't need as much supervision, I take it, or the program administration is capable of doing more work for less?

**Mr. Armstrong:** I might explain, Mr. Mackenzie, that in terms of complement the item covers Mr. Pathe and his secretary. In addition this vote includes the money required for the Construction Industry Review Panel. I think you're aware of the way the panel operates and the Construction Industry Bargaining Commission; that is, Mr. Franks' commission, which is still active because it is in the implementation stage.

[11:30]

**Mr. Mackenzie:** There should be a lessening of costs then.

**Hon. B. Stephenson:** Yes, there will be.

**Mr. Armstrong:** Right. There was a reduction there of \$18,600 as a result of the winding down of the Construction Industry Bargaining Commission and less expenditure by the Construction Industry Review Panel. Incidentally, they do receive per diems but their per diem costs for the past fiscal year were less than previously.

**Mr. Mackenzie:** It makes sense. Even I can understand that.

Item 1 agreed to.

On item 2, conciliation and mediation services:

**Mr. Mackenzie:** How many people have we added here?

**Mr. Pathe:** There was a total increase in complement of 15—seven mediators two additional support staff for the conciliation and mediation staff, three researchers specifically for the conciliation and mediation branch, and support staff for the researchers.

I'm sorry, it was three additional support staff for the conciliation and mediation staff and two support staff for the three researchers, for a total of 15.

**Mr. Mackenzie:** It was mentioned by the minister in her opening comments that we have better than 3,000 agreements coming up and the backlog of problems we may have there. Is the ministry comfortable with the staff they have in terms of mediators and conciliators?

**Mr. Pathe:** Yes, if I may, I might speak a little about the new program. As far as the existing program goes, we are handling that comfortably and I think, as a result of a slight decrease thus far this fiscal year, we

be able to spend a little more time on conciliation and mediation cases.

The new program for which the additional complement was allocated deals with three main areas, the main one being the first one, preventive mediation. In that area we are having the offices report at the conclusion of the mediation on the state of the relationship and on any items which have been resolved but are likely to arise again in future bargaining.

Armed with that information we are checking back during the term of the collective agreement to offer assistance, either in the resolution of problems to do with the relationship or items which need sort of early exploration in readiness for the next negotiations.

Six of the additional mediators are actually on staff, another one will join us on January 1, and we are presently involved in a good degree of training in order that we can fully implement the preventive mediation program.

The second portion, as we have indicated, is the research. Interviews have all been held for the research staff and job offers will be made in the very near future for those positions.

**Mr. Mackenzie:** There is a provision for them but they are not yet on staff?

**Mr. Pathe:** They are not on staff.

**Mr. Mackenzie:** What will they get into in terms of research? Will they be used in terms of some of the things we have been discussing about the problems we are having with first agreements?

**Mr. Pathe:** Yes, and we are now giving much more attention, as you know, to first agreements. We are running a little closer liaison with the Labour Relations Board so that we are advised on a weekly basis of new certificates issued and we are monitoring those relationships through the bargaining, being extremely careful about the officer that we appoint in a first agreement dispute and in some cases, the ones that appear to be difficult, even assigning some of our senior mediators right from the outset and allowing that person to stay with the dispute.

As far as the plans for research are concerned, I think Mr. Haywood can probably answer better than I the kind of things that they'll be doing for us.

**Mr. Mackenzie:** I'd be interested in having a little idea of just what they have in mind.

**Mr. Haywood:** Up to now, we have been carrying out research for the conciliation branch anyhow, but I think this research has

not been up to the level that we need, particularly for the preventive mediation initiative. This is where the additional staff will be concentrated, on developing techniques for the mediators to help establish arrangements for the parties.

**Mr. Pathe:** I might add to that that the real interest that I have, personally, is that we have better-informed people out there in the field. A prime example is the newspaper industry, where there are very difficult problems related to technological change in resolving disputes in that industry.

**Mr. Mackenzie:** Are you talking about the reporter end of the paper or out in the paper-producing plants?

**Mr. Pathe:** I'm talking about in the production of the newspaper, particularly relating to the craft unions. It's our view that if we can arm the mediator with a complete update of what's taken place not only in Canada but in North America in similar disputes, the types of formulae that have been worked out, he will be more helpful to the parties. We want to arm them with that and fully brief them before they take on the disputes so they're totally informed as to what's going on.

**Mr. Mackenzie:** On the industrial relations program, is this where we would be taking a look at—it's a part of just what I've asked, I guess—the compulsory mediation of a first agreement? Is it a part of this whole question that we're taking a look at in research? Or is it in terms of how we train the mediators out there in a situation?

**Mr. Pathe:** Yes, the research which we accumulate will be useful in policy discussions, I would think, to deal with the matter of first agreements.

**Mr. Mackenzie:** How many women do we have involved as mediators now?

**Mr. Pathe:** We now have three.

**Mr. Mackenzie:** And that's out of a total complement of how many?

**Mr. Pathe:** That's a total complement of 30.

**Mr. Mackenzie:** Are all of these now in the field, trained?

**Mr. Pathe:** One is a senior mediator, a very senior member of the staff. She was recently involved in the dispute that was settled two nights ago with Brampton Transit. The other is a conciliation officer who is actually upgrading in the field but is still in training. The third one is not active yet but came in as a complete trainee and is now, I think, in the fifth month of training.



**Mr. Mackenzie:** How long is the period of training you normally put these people through?

**Mr. Pathe:** There hasn't been a formal training program with a formal period. We're developing that. We envisage something, particularly for someone with very little experience, where we would bring them in and give them a month's in-house training. Then we would have that person spend six weeks or eight weeks in an industrial relations department of a corporation, then with a trade union for an equal period of time.

The plan is that we would then sort of apprentice them to one of the senior mediators for three or four months. That would involve going with that senior mediator on some cases. He would oversee the training of the trainees and assign them to other offices and design the training program to fit the person involved.

**Mr. Mackenzie:** How do you assign them to the six weeks, or whatever they spend, with a trade union? What's the procedure?

**Mr. Pathe:** We haven't done it yet, but we'll call up a trade union and say: "We have this person we want to train as a mediator. Would you be good enough to take them in and expose them to all of the relevant portions of your operation, involve them in collective bargaining and so forth?"

**Mr. Mackenzie:** This is a part of a new training program that you're evolving then, I take it?

**Mr. Pathe:** Yes.

**Mr. Mackenzie:** The guidelines for that would be done by your program administration people?

**Mr. Pathe:** No, we're in the midst of a study of the organization structure of the conciliation branch, and I'm hopeful that when that's completed we will have a person in the branch responsible for staff development and that person will be handling it.

I'm hopeful that we'll have someone responsible for the new initiative, preventive mediation, staff development and training, and research.

**Mr. O'Neil:** Mr. Chairman, I wonder if I could ask the minister—I take it it would fit under this section — about the current problem that we have with some of the boards of health and the Ontario Nurses' Association. I wonder if I could have a few comments on that as to where that situation stands and possibly on the reluctance of the ministry to involve itself more in seeing that the dispute is settled.

**Hon. B. Stephenson:** I'm a little taken aback at the suggestion that we have not been involved in attempting to settle this dispute. The mediation conciliation branch members, I'm sure, would be delighted to tell you the number of hours, days and months which they have spent in attempts to resolve the dispute.

We are, as I think you know, beginning to make some reasonable progress in this area and I think there are six of the outstanding disputes which have—. Three are settled now and at least three more are, I think, well on the road to being settled, in that there seem to be a movement in that direction right now, partly, at least, as a result of the efforts of the Ministry of Labour staff.

**Mr. O'Neil:** What seems to be the major problems that you're encountering, both with the boards of health and with the Ontario Nurses Association, so that we could have a little more background on it? You're saying some have been settled, three you feel. What is holding up the settlement of the ones you're dealing with now that you feel will be settled shortly and the ones that you haven't been able to arrive at a settlement with?

**Hon. B. Stephenson:** I'm not sure whether it's the recalling of meetings which has been one of the problems in those that are not settled at this time. But there have been certain fairly firm feelings on both sides related to specific items such as hourly pay and arbitration which requires a great deal of time to resolve. Those seem to be in the process of being resolved in most instances now.

**Mr. O'Neil:** I seem to have the feeling, in talking to some of the people in our area and some of the other people across the province who don't feel that this thing is being resolved, that meetings are not being called as you say they are, by either side. There's sort of a stalemate.

I would like a little more background from either yourself or your people as to the position taken by some of the boards of health and the position taken by nurses that seem to be at opposite ends, and how you see a solution being brought about. Your people, I know, have been working with the different boards, but this thing has been going on and on for quite some time now—not only months, it's over a year.

I feel that I would like to have a little more background on this, having a problem in my particular areas, about what you see as the solutions and the problems, and how these people can be brought together, so that meeting dates can be set, and how it can be resolved. In other words, what's the stand



at the board's taking, what's the stand of the nurses, and what do you see the solution being?

**Hon. B. Stephenson:** Mr. Pathe, having been personally involved in many of them, I think could report very well on that.

**Mr. Pathe:** We've been more active in initiating the meetings—and in some cases almost dragging the parties to meetings—in the public health disputes than in any other disputes in the province. In fact, we've come under some considerable criticism for calling meetings when the parties were not willing to compromise, and the meetings time after time have turned out to be futile.

The two main issues, as I think most people are aware, were hourly parity versus annual parity—the boards of health being prepared to grant annual parity—

**Hon. B. Stephenson:** Hourly.

**Mr. Pathe:** —hourly parity, the ONA wants, of course, annual parity. The other issue is arbitration of future agreements.

There was an industrial inquiry commission set up for three boards of health and that reported back in the spring. Following that we again took the initiative and called a series of meetings, very few of them proving to be useful.

In more recent times there have been some settlements. We're in touch with the parties and are now sort of calling meetings after having explored with the parties the usefulness, or the potential for the meeting proving to be fruitful. I had a discussion with an Gribben of the ONA less than a week ago on this matter.

[1:45]

There are some local nurses now who are prepared to compromise, particularly on the arbitration issue, and where that can be done the meetings are being called and settlements are being achieved. But I know of no other case or group of cases where we've been more active in getting the parties to meetings throughout the whole dispute. But they've been very black and white disputes. One side wanted arbitration as a method to resolve future contract disputes and the other side didn't. There isn't much room for compromise while each maintains their position rigidly.

**Mr. O'Neil:** I wonder if I can have your comments—of course, the boards of health are the ones that are against compulsory arbitration. I wonder if you could explain to the committee why it is that they are so dead set against this compulsory arbitration. What are your feelings on that?

**Mr. Pathe:** Me?

**Mr. O'Neil:** Or the minister.

**Mr. Pathe:** Would you like me to answer that?

**Hon. B. Stephenson:** I am aware that certainly some of the boards of health are fearful of arbitration because they have looked at the awards granted as a result of arbitration in other public service areas and feel that it would be impossible for them, under their present budgetary constraints, to meet the arbitration awards.

**Mr. O'Neil:** This may possibly lead to something else. I know that I was contacted by one of the boards in our area where a recent arbitration had granted an increase of 43 per cent. I would ask what you see in your ministry. If the boards of health are afraid of these large increases, is it the case that the increases are due to these people or is it a case that the ones that are doing the mediation are not acquainted with—

**Hon. B. Stephenson:** With the arbitration.

**Mr. O'Neil:** —with the arbitration? What do you see there as the problem? Why should these boards of health be afraid of an arbitrator coming in, if these arbitrators are properly trained and are aware of all the facts? Or are they, when they grant huge awards?

**Hon. B. Stephenson:** The arbitrator is usually appointed on the basis of his or her breadth of knowledge and experience in the field of arbitration, rather than specifically on the basis of knowledge of one field of endeavour as far as work is concerned. There may be problems of the kind which I think you're suggesting—that the arbitrators may not be as aware of all of the problems inherent within that field of endeavour as they might be.

**Mr. O'Neil:** I see it as a breakdown in the system. In other words, if we're using an arbitrator in the system and it's something that should possibly work, there shouldn't be a reluctance on the part of the boards to accept an arbitrator. So if there is that reluctance, which there seems to be generally across the board, I wonder if there isn't something in the system that is wrong. I would ask if you see any possible corrections that could be made or any other suggestions that you would have at this time as to how the system can be improved, so that, say, the boards of health would be ready to accept one of your arbitrators?

**Hon. B. Stephenson:** They're not our arbitrators.

**Mr. O'Neil:** I'm sorry.

**Hon. B. Stephenson:** They're arbitrators agreed to by both parties.

**Mr. O'Neil:** Right.

**Hon. B. Stephenson:** They're always individuals outside of the system.

**Mr. O'Neil:** What is wrong with the system then?

**Mr. Armstrong:** But, Mr. O'Neil, the system is not—we're not talking about the Hospital Labour Disputes Arbitration Act. The statutory system is free collective bargaining, and just sort of abstracting it a bit, free collective bargaining means that you're entitled to bargain for the deal you think you can get with the terminal solutions of strike and lock-out. It may seem anomalous, but that's the position the employers are taking here, that unless and until the law is changed they should be entitled to bargain in good faith and hold out for a position they think is right.

I've got no particular brief for one side or the other. But as I see their position, they simply want to see free collective bargaining operate and not have compulsory arbitration imposed, as it is for example in the hospital field.

**Mr. Pathe:** That's fairly typical of all employees, particularly in the private sector. There are very few employees in the private sector that would agree to refer a dispute to arbitration.

**Mr. O'Neil:** I wonder, if I could recap, if you would let us know where the settlements have been made, where you are working on them now, and where there hasn't been too much of a move towards a settlement.

**Mr. Pathe:** I have to look that up. I don't have it with me.

**Mr. O'Neil:** Fine. Even if you could supply it for me, I would appreciate it.

**Mr. Pathe:** Okay, I will undertake to give it to you.

**Mr. Bounsall:** Just following up on the nurses' situation. This has gone on for a tremendously long time and now you are following the traditional methods of trying to solve it. At various times, Madam Minister, when it has come up in the House or come to public attention focus, you have talked about some new initiatives that you may have at that time or in the near future to solve this very unfortunate situation. I haven't seen any of these new initiatives yet. You are following the traditional pattern.

Have you run out of any new initiative ideas? Were there any new initiatives which you tried which did not work, or do you have any plans for other ones?

**Hon. B. Stephenson:** We did indeed at point an industrial inquiry commission to examine the problem specifically. This is a relatively new mechanism made available to the Ministry of Labour. My staff doesn't need to take any responsibility for this, but I have been personally involved in attempting what might be called a mediation service as well on a great many occasions—much more so in this specific dispute than in any other.

Are we without other mechanisms? No, of course we are not without other mechanisms. One would I think hesitate to impose legislative or mandatory mechanisms upon collective bargaining systems in this area, which for the purposes of both parties seem to have served reasonably well, with one or two major anomalies which have caused several problems.

**Mr. Armstrong:** One of the other things is as Mr. Pathe says, the major substance of the dispute relates to the parity issue—that is parity with nurses in public hospitals. One of the things that we have been exploring with the parties is whether or not they are prepared to agree voluntarily to some joint evaluation that would get at the root of the substantive problem. That's something that is being actively explored with them, with the hope that it will—

**Mr. Mackenzie:** Is there some method of having them all work for the hospitals and it would be a division of the hospitals?

**Hon. B. Stephenson:** They are not hospital employees. They are the employees of boards of health which are creatures of the municipal government. I can tell you that there is a great deal of animosity to the suggestion that they might be construed as hospital employees by municipal governments. They would be very unhappy if that were imposed upon them, for good, rational, traditional reasons and good practical reasons as well.

**Mr. Bounsall:** This exploration you have of the job evaluation, with whom is that being explored? With the individual boards and the individual nursing groups? Or are you dealing with the—

**Hon. B. Stephenson:** The association.

**Mr. Bounsall:** The association of nurses, and the board co-ordination group?

**Hon. B. Stephenson:** Yes.

**Mr. Armstrong:** The board has an association.

**Mr. Bounsall:** It seems to be a bit more than a transfer of information group, that is, a co-ordinating council.



**Hon. B. Stephenson:** No, it's an association of boards of health which functions totally in the labour relations field.

**Mr. Bounsall:** Turning to the one other point that Mr. Mackenzie brought up, the training programs for your mediators that is just nicely getting off the ground. How have you set it up—with the six-week period, I believe it was—with the trade unions? Have you given them very specific guidelines as to what you'd like to see covered or have you left it up pretty well to them?

**Mr. Pathe:** We haven't had a discussion yet with the trade unions. We have at this point a time only one person who would require that type of training. The rest of the people recruited came with considerable backgrounds in collective bargaining.

The type of person who would take that training, in our view, would be someone who hasn't had any or very much collective bargaining experience. We would have to decide on the appropriate trade union and then engage in that sort of discussion with them. But I can see us working it out with someone like the Steelworkers or the UAW and discussing with them the type of exposure they'd be prepared to give the trainee.

I would hope they'd participate, not in leading negotiations but be present with the bargaining team, and see how the proposals are prepared and how the decision-making process operates behind the scenes in the trade union and during the bargaining process and how the ratification process works.

**Mr. Bounsall:** You are getting at the meaning of my question. You would be picking a union at a given time during their negotiations—at some particular appropriate point at which to send them in and get their training. You wouldn't be putting them with a union which at this current time has nothing really properly burning.

**Mr. Pathe:** We only handle grievances, not any of the large unions have contracts open at any time of the year, particularly the Steel Workers and UAW. They have so many plants with 100, 150 or 200 people where the trainee could be involved through the process.

**Mr. Bounsall:** And you see the assignment down at that local negotiating level—

**Mr. Pathe:** Oh, yes.

**Mr. Bounsall:** —rather than at the Canadian level?

**Mr. Pathe:** I wouldn't be very happy with a trainee being located in the national office where they were sort of co-ordinating; nor

would I ask a body like the OFL to take a trainee because they're not really where the collective bargaining is taking place.

Likewise, if we asked a company like Stelco or Ford to take a trainee, we wouldn't want them in the corporate office. We would want them at the plant floor level to observe how the agreement is administered and, if they have some negotiations going on, in with the bargaining team so that they can see how a company conducts its business in preparation for bargaining, during bargaining and following bargaining.

**Mr. Bounsall:** I gather you're just about to start setting up these talks.

**Mr. Pathe:** Yes, as I say, we only have one person at this time that that type of training would be useful for, and we're still in the early stages with this person. For instance, we've decided we won't send them out until we've made some preliminary judgements that that person is personally suitable to be trained as a mediator. That's the only judgement that has to be made. There's not much point in wasting the time of the trainee or of the company or of the trade union, if our early assessment isn't pretty healthy about the person's potential. We are very much in the sort of formative stage. In a few months I'll be able to answer the same questions a little more firmly. I think it's useful. I think it's a good way to get collective bargaining experience and to find out what goes on.

**Mr. Bounsall:** How many new trainees would you expect to have between now and, let's say, a year from now?

**Mr. Pathe:** Not very many, because we have filled six of our seven new complement positions. The seventh is being filled, effective January 1. That's for someone with something like 20 years' collective bargaining experience and so for that type of person it's a very brief period of training. We will have three or four vacancies occurring due to retirements and illness during the next year. I must admit that in this most recent round of recruiting we've been trying to add bench strength and we've been really beating the bushes to find top qualified people, people who have made a name for themselves by the bargaining for trade unions or for employers.

**Mr. Mackenzie:** How many of the seven new ones—or the 15 staff in total, but specifically the seven mediators—would have had any labour background?

[12:00]

**Mr. Pathe:** Give me a moment.



Three of the six have labour backgrounds. Some have government backgrounds. Two came from the Labour Relations Board; the trainee we're talking about came from the Civil Service Commission. The one joining us on January 1 has a management background, and we are currently talking to another chap who has extensive experience on the management side.

**Mr. Bounsall:** You mentioned three or four vacancies due to illness or retirement. Will you be filling those in the course of the year?

**Mr. Pathe:** Yes, we anticipate that we will.

**Mr. Bounsall:** You are actively recruiting at the moment to fill those anticipated vacancies?

**Mr. Pathe:** We are always looking.

**Hon. B. Stephen:** The recruitment process in this area never ceases.

**Mr. Pathe:** In fact, we even have mediators tipping us off when they see someone who is really good, who conducts the bargaining on either side very well. That's the first sign that they probably would be a good mediator. If they are people with a trade union background, as some of you will know, they spend most of their time mediating. They are mediating with their committee and I am sure to some extent the same is true also on the management side. Being the lead negotiator, the leader of the negotiations, you develop considerable skills in mediation, in persuading people to change positions and to accept compromise. If they are good at that, they are most times good at being a good mediator.

**Mr. Mackenzie:** It's quite often a question of political survival.

**Mr. Pathe:** Some of that too, yes.

**Mr. Bounsall:** Should the unlikely situation arise that you turn up a plethora of people who are willing to come into the ministry and are available over a short period—that is, if you wait too long you can't get them—would the branch hire those three or four all at one time? Would you have the authority and funds to do that, rather than risk losing them?

**Mr. Pathe:** That's always a concern. I was speaking to a chap yesterday who I think has excellent potential. He tells me that because he is involved in a number of negotiations at the present time he won't be available for six months. I said, "That looks very good. Our needs will be in the spring, so that fits in."

We always have to be concerned about complement and dollars, but there are circumstances whereby, when we know that someone is retiring four months hence, we

can bring someone in ahead of time and train him in order to replace that person.

To this point in my brief time, we haven't lost anyone because we were not able to offer a position at the time they were ready to take it. The experienced people particularly like to give lots of notice. The chap who is joining us on January 1, I first talked to him about it last February or March, I would think, and we actually came to a deal in July. I think because of the circumstances in his particular company, January 1 is the date he would like to come.

**Hon. B. Stephenson:** I think the operative word in Mr. Bounsall's question is "unlikely." We haven't been over-burdened with—

**Mr. Pathe:** But, Madam Minister, that's changing. At the same time as the new program was approved there was a salary upgrading, which has made it not only easier for us to attract people but it has enabled us to retain a few who were getting pretty good job offers from outside. I think it's changing. There is more attraction now too.

**Mr. Mackenzie:** Is the workload improving? And what is the range of salaries?

**Mr. Pathe:** We're working on that. We believe we miss the boat on some disputes because we don't have enough time to stay with it. So we are paying a lot more attention to scheduling people to a dispute who can stay with it.

The salaries now are \$29,700 for conciliation officers at the top end of the range and \$32,700 for the senior mediators.

**Mr. Bounsall:** And what's the lower range of income?

**Mr. Pathe:** The trainees come in as a conciliation officer 1 at between \$16,000 and \$17,000, and that training position has a maximum of \$20,400. But the vast majority of people that we recruit we recruit into the operating level, the conciliation officer 2. Of course, when we are recruiting top people with considerable experience we have to go close to the maximum salary to get them.

**Mr. Bounsall:** That conciliation officer 2 maximum salary is what?

**Mr. Pathe:** It's \$29,700.

**Mr. Mackenzie:** This is difficult, because I am really not sure what I am looking for myself, except that I didn't get the sense that we had a particularly good situation—and I am not sure that it was necessarily the handling—in the whole Catholic Children's Aid Society strike here recently. I am wondering what, if anything, you are able to do in your department to improve the climate for a future round in a situation like that?

**Mr. Pathe:** The minister has recently appointed a special officer in Catholic Children's Aid Society disputes. Jean Read met with the parties for the first time yesterday. Her specific assignment is to work with them and assist them in analysing the problems in their day-to-day relationship and hopefully help them to chart a course towards a better and more healthy, more open, communicative relationship.

That really was the problem, and still is with the Catholic Children's Aid. They had never established a good working relationship. It was all very much a win-lose type relationship where everything was judged on who was going to win and who was going to lose, never matter about the merits of the grievance or whatever else came up.

**Mr. Mackenzie:** I got the distinct impression that the settlement—I know it's been discussed—was really made to save the union so that it wasn't another one of the unions that we have go down the drain. I don't think they gained a heck of a lot, but you are right, there was a problem right across the board there I'm just wondering how we resolve that?

**Hon. B. Stephenson:** That's the purpose of the appointment of the special officer.

**Mr. Pathe:** I think you and I discussed it. One of the problems in that case was that there were a number of key demands of the union that the union dropped prior to the strike, and after the strike began they tried to reintroduce the issues.

**Mr. Mackenzie:** I understand the almost impossibility of that, but I also understand that when you run into some of the things they were running into, what the hell, you might as well go back to square one.

**Mr. Pathe:** If you take each of the problems and trace them back they all go to relationship, they all go to distrust, and if you can solve that problem many of the demands that came up this time won't come up next time, in my view. Hence, that is why we are really hopeful that we can do something in the preventive area.

It's tough, because we've got to get in there and convince the parties that they should do something about their relationship. There are many cases where the relationship is appalling and they don't even acknowledge that, so it's a matter of getting in.

**Hon. B. Stephenson:** In this instance, both parties agreed that they would benefit from an attempt to improve it.

**Mr. Mackenzie:** What do you feel you can do, or what do you feel comfortable in doing in another situation that we have dis-

cussed—and I raise it only because I know it's a problem—and that's where you get a situation such as the Custom Aggregates situation, where you sent in an officer, I think it was Ladd—

**Mr. Pathe:** And before Ladd, Stevens.

**Mr. Mackenzie:**—and that particular officer feels there is a stage at which, if he had the authority to lean a little heavier, he might have reached a conclusion? I know the dangers, but what can you do, or what do you feel comfortable doing, in a situation like that? Some of it may be the experience of the union involved as well.

**Mr. Pathe:** Yes, it seems to me there were two crucial points in the Custom Aggregates case, and one was in September of 1976 when meetings were arranged and there was at least some hope that there would have been a settlement. The strike had been on then six or eight weeks. Some damage was done, someone cut all the conveyor belts in the quarry, and I understand there was a considerable amount of expense involved in repairing that, and the employer took the position at that point, "There is no point in negotiating now; we are not going to reopen the quarry." They wouldn't have the equipment operating so they weren't going to put the money out until next spring. So any hope of settlement at that point was lost.

There was another crucial point after that. We appointed Ladd to replace Stevens in February, 1977. We appointed Ladd because he's one of our part-time mediators. That's another part of our new program. We've now developed a roster of people who work for us on a per diem basis on mediation. When you get a case, like Custom, where maybe our full-time mediators can't give it a week at a time or two weeks, we'll put on one of the part-time mediators and say 'stay with it.' That was one of the reasons we put Ladd on.

Ladd worked—I don't know for how many weeks. But at one point he had it to a point where there were two or three major items. He tried to get the parties to agree at that stage that he would work another day and try to mediate them, but in the event that he couldn't he would issue a binding award. It's my information that the company said that they would certainly give consideration to that. They didn't turn it down flat although, having given the consideration, they may well have, but the union turned it down flat. There were two crunch points in that dispute where we didn't make it but where we were fairly close.

Mediation is very much a voluntary operation. Even our most senior people are re-



luctant to make recommendations and to lean in cases where they don't feel that it's going to be productive because they're always concerned about their credibility and their acceptability with the parties' future disputes and continuing in that dispute. It's very much a tightrope.

**Mr. Bounsall:** There is one other area I wanted to touch on. In your branch you have very skilled mediators and conciliation officers who, I think, do a very effective job. Perhaps ministry, as a group, does not give enough credit to the great work that is done. You may well be working to try to get this across but it doesn't get across to the people out there.

The one area that I'm interested in is your relationship between the Ministry of Education in its Education Relations Commission, the appointment of its fact-finders and so forth. Do you get requests for personnel suggestions? Do they use any of your mediators?

**Mr. Pathe:** We don't get requests for suggestions very often but they do call upon us for mediators and we supply them, not in that many cases but maybe half-a-dozen cases a year. Yesterday we had a request for one of the mediators because the parties to the Windsor dispute had asked for this particular person through the Education Relations Commission. They called us and we agreed. I would think there are about six or eight cases a year.

**Mr. Bounsall:** I'm glad to know there is some transfer there because with all the expertise residing here it would be a shame not to have it used in that other key area.

Following on what Mr. Mackenzie said, what on earth do you do in a situation—you mentioned the Catholic Children's Aid where there were serious disputes or union problems in a situation like the Windsor teachers or the Windsor board, where relations have just gone from bad to worse over a 40-year period, to the point where there is so much distrust they can hardly sit down in the same room any more? I wish your mediator a lot of luck, but if I was betting money I'd sure bet on another strike or lockout there again, the fifth in four years or something by now.

What do you do in that situation? Do your mediators go in and make the point that's fairly clear now, I would think? It might take him or her a while to arrive at it. What do you do when there is so much mistrust on both sides? Do you suggest they go back to square zero, start again and try to get an entirely new committee on both sides? How do you handle these mistrustful situations?

[12:15]

**Mr. Pathe:** Speaking generally, it's difficult to do that in the negotiations because the time isn't there. Even if they were inclined to do it, there very often isn't the time to go back and start from square one. There are occasions when one side or the other will voluntarily change its negotiator or its negotiating team. There are cases, particularly on the union side, where a team resigns. Having had something worked out and rejected, the whole team will say, "We'll resign. Elect a new committee."

But it's our view that during the course of two or three months' bargaining you can't repair damage that's been done over a period of years. In that kind of a situation we just have to work to find accommodations and get that settled. It's after you've done that when you have got to go back.

The US people have been doing it fairly well—the federal mediation and conciliation services in Washington. We've had a number of contacts with them and we're benefiting from their experience. They're going back and selling their service, convincing the parties that away from the heat of battle, it's time to sit down and conduct a thorough analysis of the relationship. They even go through the exercise of having the union tell the company how they see them and why they see them that way, and vice versa; and it's working.

But, to answer the question, I don't think there's any way you can do that in any situation during the time-frame for bargaining. If the relationship is bad, as they go into bargaining, that's something you've got to live with, and you do the very best you can during that period of bargaining. But if you can get over that—and they've got a year or two or three years, during a collective agreement—the atmosphere is entirely different away from the bargaining table.

**Mr. Bounsall:** You're hoping to do this and perhaps you now are with your own mediation people?

**Hon. B. Stephenson:** Yes.

**Mr. Pathe:** Yes.

**Mr. Bounsall:** Now that one of your mediators has been brought into the Windsor dispute, do you see your role as trying to keep that going?

**Mr. Pathe:** That's the responsibility of the Education Relations Commission. Asked for assistance in any teacher dispute, I don't think we've ever refused. We are always willing to assist. But whether or not there is a follow-up in any particular teacher dispute is really the responsibility of the ERC.

**Mr. Bounsall:** If they asked you in this situation, when and if a contract is achieved to try



do something to lessen the distrust over the next year and a half, I assume you'd be willing to do that once that request came from the Education Relations Commission.

**Mr. Pathe:** We would certainly discuss it with them, yes.

Item 2 agreed to.

Item 3 agreed to.

Vote 2302 agreed to.

On vote 2303, women's program:

**Ms. Bryden:** Mr. Chairman, are we intending to deal with all three votes at once or each vote separately?

**Mr. Chairman:** One at a time.

**Ms. Bryden:** Okay; on item 1, I would like to ask—

**Mr. Mackenzie:** Just before Ms. Bryden gets to it, can I ask you how long you intend to go today?

**Mr. Chairman:** Until 12:30. Is that all right with the rest of the members of the committee?

Agreed.

**Ms. Bryden:** I would like to ask what is the present status of the office of the executive coordinator? A year ago there was an advertisement for a new person, and I notice that the phone book still doesn't list an appointment. I'd like to know who is filling the office at the moment, and if there has been any consideration as to whether this office is still needed. It was set up, I understand, to co-ordinate the various groups operating in the field of women's services, particularly the Status of Women Council, as well as the Women Crown Employee Office and the Women's Bureau.

The Status of Women Council is fairly autonomous under another ministry; I would be interested to know how much the executive coordinator has to do with the operation of the Status of Women Council. Do we need this particular position or could the money be better used in providing more services through the Women's Bureau? I notice there is a reduction in the amount. I would be interested to know where the savings are being made, but I question whether we do need this particular office.

**Hon. B. Stephenson:** Mr. Chairman, the role of the co-ordinator of women's programs, both in the Women Crown Employee Office and in the Women's Bureau, has been filled on an acting basis since January 1977. The relationship of that individual to the Status of Women Council is that, indeed, the acting co-ordinator usually attends the meetings of the Status of Women Council. The position was not a child of that council. That role was specifically, at

the time of concern about enhancing the role of women, both within government and without, a role of co-ordinating the efforts of both those women who were employed in government and those who are functioning on behalf of women who work outside of government.

I think Marnie can probably tell you what she has been doing since January. She is, I think, well fitted to provide you with the information you are requesting. I expressed to you, I think last year at the time of our estimates, somewhat the same concern about whether there is a real requirement for the specific role of executive co-ordinator of women's programs. I have to tell you, because I have said it before, and publicly that I have some concern that the money designated for that specific role might be better spent in the expansion of the programs of the Women's Bureau and the services which can be provided, particularly to women outside of government, and to the Women Crown Employee Office as well.

**Ms. Bryden:** Even though you have your reservations about the value of the position, you are providing for its continuation in these estimates?

**Hon. B. Stephenson:** Temporarily, until the relationship of Women Crown Employee Office to the Women's Bureau is finalized.

**Ms. Bryden:** I don't quite understand what you mean by that.

**Hon. B. Stephenson:** We are having ongoing discussions at this time about the placement of the Women Crown Employee Office, which has been within the Ministry of Labour; I can see great value in the maintenance thereof. This has not been finalized yet as far as overall policy is concerned.

**Ms. Bryden:** So if that was also taken out of the Ministry of Labour, there would be even less reason for carrying on this particular position.

**Hon. B. Stephenson:** Yes, I suppose you could say that. I think the two divisions in the women's program are capable of carrying their own load and they co-ordinate extremely well in their present situation. They function together, share information; and certainly share expertise as well. Whether it's necessary to have an individual responsible for co-ordination is a question which is not too difficult for me to answer because, personally, I think that both of the women who are charged with the responsibility in these areas are extremely capable of doing a good job and working together. So, I am not sure they need somebody to bring them together.

**Ms. Bryden:** Yes. Well, Madam Minister, I certainly would not want to see us lose the

services of the acting co-ordinator, because I know she has a long record of very good service in the Women's Bureau and in the ministry; and I would not want to see this particular sum of money lost to the women's programs, because there's little enough allotted to it. It's just a question of the organization of the programs and whether more money could go into the actual Women's Bureau.

Item 1 agreed to.

Item 2, Women Crown Employee Office:

**Ms. Bryden:** The 1975-76 report of the Women Crown Employee Office—it's dated October of last year, but I don't know whether it actually got into our hands that soon—contains some very disturbing conclusions. The office attempted to measure the extent to which women among the Crown employees of Ontario are fulfilling a somewhat equal role to men. From another source they discovered a device for measuring this; it's called the index of segregation. If there was an equal representation of men and women in the various occupations, the index of segregation would be equal to the percentage that women occupy of the total Ontario public service, which is 38 per cent. Anything above that indicates there is not an equal representation in the various occupational groups.

They discovered, when they applied this index to the Ontario public service, that the figure in 1975-76 was 58 per cent instead of 38 per cent, and for the previous year it was 57.4 per cent. So there has been practically no change; which indicates that all the efforts of the Women Crown Employee Office do not seem to be bearing very much fruit, although I know there are a number of people who have been working very hard to try to change attitudes and open doors for women, and we do have a couple of women deputy ministers now.

The conclusion of the summary of the 1975-76 report is this, and I quote:

"One revealing measurement of this occupational mix, or lack of it, is the index of segregation, which shows the percentage of male and female employees that would have to switch jobs in order to be proportionately represented in each occupation. This year's index was 58.0 per cent, virtually no change from the 57.4 figure of 1974-75. The stability of the index confirms the impression that there has been little movement of men and women between broad occupational groups."

I wonder if the minister could comment on that?

**Hon. B. Stephenson:** On whether we should cease the program of affirmative action? What would you like me to comment about?

**Ms. Bryden:** Whether we should beef it up I would say. It seems to me it's not having very much effect, as far as the statistics go.

**Hon. B. Stephenson:** I'm aware that in some ministries it's having a very marked effect. That is not translated to all ministries at this stage of the game; there are some areas of activity which, I suppose still have the traditional male cast in the eyes of almost all those who are employed therein. It is a little more difficult to make attitudinal changes in some areas than it is in others.

**Ms. Clarke:** I think perhaps it's not just a question, either, of looking at the program in the short term. We're also working, as you know, in the private sector with companies, and, with the best will in the world, they're moving very slowly too. The fact is that takes an affirmative action program, I would estimate, four to five years to show really solid changes.

There have been breakthroughs, as the minister mentions, but we have to look at the availability of women engineers, for example. We're beginning to get that kind of thing happening in our universities; we're having women going into law and into a far wider range of careers, but that's going to take some time to reflect itself in the employment situation. It seems to me that we are at the beginning of the beginning, and to think terms of two-year programs making enormous changes is highly idealistic. I wish it were so but it isn't.

[12:30]

It's not just a matter of changing attitude. Even when people are looking for good people, sometimes they can't find them. The problem, of course, of credentialism that we always run into. Where employers will take a chance with a man who doesn't have all the qualifications, there is still the tendency that the woman must not only have all the qualifications but have more; that's one of our biggest problems I think.

To say in a few years we haven't seen much change—we have seen some real changes in real terms for real women. In the interview process, where we were interviewing senior women, I think it was something like 72 per cent felt that they had had some change happen for them because of the program, because of the fact there was a greater awareness that perhaps they had potential but had been overlooked in the past. It's a small change.

**Mr. Mackenzie:** Are you just talking about their perceptions or what's actually happening? This worries me. I understand all of the difficulties, but there seems to be some ev



once that we're not even at the start of the effort, that we're actually going backwards still.

**Ms. Earle:** I am working at the present time on the third annual report. I think the signs are of a much more encouraging impression; given the low rate of turnover and one of the problems of mobility, it takes several years for this to begin to show up.

The index of segregation has been introduced because it is a very useful long-term measure of a move away from stereotyped employment, but in the short run it can be affected by such things, for example, as women moving higher up into more of the senior clerical positions; which may, in fact, increase polarization of that group, while at the same time affording them an opportunity to move up towards the occupational bridges that they will cross in the future.

There are some short-range problems with the index of segregation, but perhaps I could give you some idea of some of the changes we will be expecting out of the third annual report.

One of the things I am most pleased about myself is that the great majority of ministries are reporting the wages drawing closer together between men and women, which is in contradiction to the trend that is observed across the province; so that in itself is quite encouraging.

The peaks of the salary distribution in March 1977 are \$2,000 closer together; instead of being \$4,000 they are \$2,000. The hirings and promotions of women over the last year exceeded their representation in government by six per cent, and in management classes, seven per cent. The total of well over 300 breakthroughs constitute very impressive changes of occupation; women entering careers and professions which will have enormous ramifications in the future recruitment of women into those areas.

So while it takes time, I do believe we are, sincerely, beyond the beginning.

**Mr. Mackenzie:** Could you begin to comment on this article—maybe at our next session; I realize it's too late now—in the *Globe and Mail*, because it just doesn't seem to jibe with some of the things you've just been saying to us?

**Ms. Earle:** Perhaps if you could furnish me with a copy of it.

**Mr. Mackenzie:** It's October 13, "Dollar Gap Between Men's and Women's Earnings Still Growing."

**Ms. Earle:** This is the trend across the province, that the gap grows because of the various factors involved, but we see, as a result, I hope, of our initiatives, that within

government, because of the strategies we're developing, this trend is being reversed.

We are encouraged. It's always difficult to attribute this to a direct causative relationship, that is our program causing this rather beneficial change, but it is very much in contrast to the prevailing trend that we are seeing these improvements. When one analyses the picture in great detail, although it may be a very small number of people who are able in one fiscal year to move and change occupation, the wages they're gaining and so on are making the statistical differences of several percentage points in salaries.

**Mr. Charlton:** If I could just make a couple of comments before we adjourn, Mr. Chairman, I don't want this to be taken as a criticism but possibly as some suggestions of areas of emphasis in your program. I came out of the civil service and was a local president and officer for a number of years. I have noticed, for example, since the inception of some of these programs, a marked increase on the part of the women to show an interest in upgrading programs, et cetera; but very little if any change on management's part, on the other hand, to view that as acceptable.

One of the problems I found right through the whole process was as you suggested. In the case of a man, management would take the chance, even if he didn't have all of the qualifications, but in the case of a woman she had to have all of them and even more.

Then it goes even further than that. Once they get the job, quite frequently they don't get assigned the same duties. They are restricted from certain areas because they are women. I have noticed very definitely, since the inception of these programs, that although some of the women are taking a positive approach to getting involved in the retraining programs and upgrading programs, management is reluctant to view those programs in terms of their old, professional approaches. It is something in terms of the emphasis that you should probably have a look at.

**Hon. B. Stephenson:** One of the points I think should be raised is that at the present time out of all the chartered accountants, or even general accountants in Canada, fewer than one per cent are female. In engineering, I think there are 139 women engineers in all of Canada, which is slightly less than one tenth of one per cent of the total number. If there are not women in those fields, it is not possible to employ women in jobs which require that kind of training.

The thing that both Marnie and Barbara have mentioned is the fact that more women



are beginning to enter those professional fields. I would be happier if we could find more fathers who encouraged their daughters to become involved in those fields, because there are a lot of women with real mathematical capability who are discouraged from even

considering that kind of activity because the fathers still consider it unfeminine to do so.

**Mr. Chairman:** Thank you, Madam Minister. As the father of four daughters, I consider that.

The committee adjourned at 12.38 p.m.

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No. R-17

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**  
Estimates, Ministry of Labour



**First Session, 31st Parliament**  
Thursday, October 20, 1977  
Morning Sitting

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, Q.C.

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# LEGISLATURE OF ONTARIO

THURSDAY, OCTOBER 20, 1977

The committee met at 10.05 a.m.

## ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2303, women's program; item 2, Women Crown Employees Office:

**Ms. Bryden:** Mr. Chairman, when we broke off yesterday, I was asking some questions about the report of the Women Crown Employees Office which came out for 1975-76. It was dated October 29, 1976. For some strange reason, it wasn't tabled until April 18, 1977, which indicates why we need a Freedom of Information Act, Mr. Chairman.

Is the 1976-77 report completed, because the previous one was completed in October, a year ago? When can we expect to see it?

**Hon. B. Stephenson:** May I say, first, that I'm wondering if that's a non-sequitur about freedom of information in this report. The report was printed in its entirety. You have it in hand. I think it was submitted to each of the ministries for their critical examination, as well, before it was totally compiled. The report is there for you, as it was compiled by the Women Crown Employees Office. The next edition comes out in January, doesn't it, Ms. Earle?

**Ms. Earle:** According to our schedule we were expecting to receive information from the ministries by June. We've experienced some delay in getting that information. Over the summer, there has been the analysis and further gathering of information. We then write the chapters within the Women Crown Employees Office and these are then sent to the ministries for review. So we're expecting to be able to send the material on to the printer within the month which means that we would be able to table early in the new year.

**Ms. Bryden:** Thank you. We'll be looking forward to seeing it because, as was mentioned yesterday, it does take time to achieve the results which we would like to see in changing the occupational pattern in the Ontario public service.

I wonder if there are any statistics, though, one or two of the key points that were mentioned in the 1975-76 report, such as there being only 29 women at the program-

ming executive level in 1975-76 compared to 743 men. Do we have any figures for 1976-77 on the number of women at the program executive level?

**Ms. Clarke:** There has been no change in the figures at the senior level. We would like to see more change, but it is not as bad as it immediately appears because there has been a general decrease due to constraints and women have at least held their own at that level.

**Hon. B. Stephenson:** In actual fact, they're relatively better because we've lost more males at that level; we haven't lost any females.

**Ms. Clarke:** This is an area, by the way, that the companies we work with in the private sector also find it almost impossible to get action in. The whole question of the middle management lid that seems to come on when women are involved is operative right through the society. It's very, very difficult to get people moved into the very top-level jobs.

**Ms. Bryden:** I understand that. But we just don't seem to be making progress; in fact, we seem to be going back to some extent. There has been progress in some ministries as the minister mentioned yesterday but if the index of segregation is still at about the same level there must have been the reverse of progress in some of the other ministries.

**Hon. B. Stephenson:** Do we have any kind of information which would support the fact that there had been a reverse in any area?

**Ms. Earle:** In the upper area or in all areas?

**Hon. B. Stephenson:** In the entire program.

**Ms. Bryden:** In the index of segregation.

**Ms. Earle:** As I was commenting yesterday, the index of segregation tends to be affected by the fact that women have never even in their own job ghetto areas held the top jobs in those areas.

Because of the problems of experience backgrounds, when women begin to move up it is often within the areas in which they are located and this tends to polarize the index of segregation. So, that change—moving upward in their own occupational areas—offsets the change where they are moving into other areas; and you see little, if any, progress



made in the index of segregation over the short term. Certainly, over a longer period of time there will be substantial change as stereotyping of occupations decreases. It's a very good long-range measure.

**Ms. Bryden:** Yes. I noticed that the summary of the 1975-76 report concluded that: "The bulk of the OPS labour force, therefore, continues to reside in sex-typed occupations in which more than 60 per cent of the jobs are held by men or women. Sixteen 'female' occupations employed two-thirds of all women, 69 'male' categories employed nearly three-quarters of all men."

Madam Minister, this is obviously what we're trying to counteract, and I'm just interested to know what active programs we have to counteract it. For example, how many women officers are now full-time?

**Ms. Earle:** We have three program development officers, and we have fostered within the ministries—well, I can give you some figures on the number of women advisers. Would this be helpful to you?

**Ms. Bryden:** Yes.

**Ms. Earle:** We have, as of 1977-78, 16 full-time women advisers, 12 part-time, 16 full-time program assistants and two part-time program assistants, eight full-time clerical/secretarial support and three part-time, this leads us to 40 full-time staff and 17 part-time on the program, which is an increase from last year when we had 31 full-time and 24 part-time. The increase that we're very pleased about is seeing more full-time women advisers who have the kind of visibility and ability to change policies within their ministries.

**Ms. Bryden:** I'm very glad to see that there has been an increase and that it hasn't been cut back as some of the other civil-service categories have been. Perhaps this will bear fruit in next year's report.

I understand that last April the Management Board issued a statement about affirmative action and asked each ministry to file, both with Management Board and with the Women Crown Employees Office, a plan for affirmative action in each ministry. Can I ask how many ministries have complied with that directive as of today?

[10:15]

**Ms. Earle:** Twenty-two ministries filed affirmative action plans which were set out to meet certain pre-assigned criteria of management accountability and a variety of other criteria. One hundred per cent of the plans that were submitted addressed management accountability and almost 70 per cent of

the plans touched on every criterion that we mentioned. We have a procedure of obtaining updates from the ministries and improvements over time in the quality of the plans that we have received.

**Ms. Bryden:** You say 22 have submitted them. What's the total count nowadays—ones loses track?

**Ms. Earle:** Of the ministries? Twenty-two. They have all submitted. I have the criteria here; they have to do with management accountability, top-level support, structural and policy review, accelerated career development for women, regional delivery of the program, review of the resources allocated to the program, review of the responsibilities involved in the program, establishment and development of further data based on the program, continuation of the program for three further years, and the adherence of the program to a management-by-results format.

We feel this will be of great assistance in providing consistency and a high level of planning and results obtained across the various ministries.

**Ms. Bryden:** I am glad that every ministry has complied. It seems that they are taking the situation seriously.

Another point that was raised in the 1975-76 report was that, "Occupational distribution by sex is not only horizontally lopsided, but vertically unbalanced as well. In almost any given class, the more senior the job, the fewer the number of women who hold it, even when they account for a majority of the group."

Do some of these affirmative action plans also look at the whole question of the vertical distribution in that the higher salaries tend to be concentrated among the men, and the lower salaries among the women? I believe the report showed the average salary of women compared to men has dropped as a percentage in the last year. The average salary for women was 71.6 per cent of the male salary. This year it is 70.4 per cent. The figures were, approximately: for the men an average salary of \$14,500, or almost that; for women, average salary was around \$10,000. It was 70.4 per cent of the male salary, which is less than it was a year ago.

**Hon. B. Stephenson:** Do you have any update on that, Barb?

**Ms. Earle:** We don't have absolutely final figures until the report is released, of course. As it appears to me now, there would be only four ministries that are not reporting the wages growing closer together. So

would expect that when average salary figures are presented this would be reflected, because it means the gap is narrowing, which is counter to the prevailing trend.

**Ms. Bryden:** Across Canada the prevailing trend is the reverse.

**Ms. Earle:** Yes, quite different. You mentioned the upward mobility within an occupational group. We are really trying to address two problems. The first one has to do with discrimination against women. This is countered by such activities as the monitoring of job competitions, which, hopefully, would be effective in eradicating any practices that might prevent, say, a woman who was a clerk from advancing to become a senior clerk, which, as our studies indicate, often can occur.

The other is the factor of stereotyped occupational groups which means that once one has attained experience in one occupation it becomes exceedingly difficult to change that occupation and move to any other. So our attempt is to increase the potential of this system to accept change of occupation. That is things like bridge jobs, and flexible staffing standards. These take a longer time to place and to take effect, but will eventually help all of the women, as well as male civil servants, to move across occupations.

**Ms. Bryden:** You said four ministries have not achieved this increase or change in the ratio. Which four are those?

**Ms. Earle:** Because the report has not yet been released, I didn't anticipate discussing the specific ministries involved. Perhaps I could provide you with that information at a later time, as I don't have it with me.

**Ms. Bryden:** I would appreciate that. The previous report was, I think, particularly critical of Agriculture and Food, Consumer and Commercial Relations, Solicitor General and Community and Social Services for their affirmative action programs not being as effective as they thought they should have been.

Of course, the last named one is one of the major employers of women within the Ontario government. But it seems to fall behind most other ministries in the affirmative action program. I don't know whether the same four are the ones who are not as active as we would like to see at the moment.

I think, Mr. Chairman, those are most of the questions I have on Women Crown Employees Office matters. I have some more on the next vote.

Item 2 agreed to.

On item 3, Women's Bureau:

**Mr. O'Neil:** I want to ask Ms. Clarke if she would make some comments concerning the 1976-77 activities under the immigrant, low-income and native women's program. What progress does she feel has been obtained there?

**Ms. Clarke:** This is, as you know, a relatively new program of the bureau. I believe it was set up about a year and a half or two years ago.

Basically, what we are trying to do is assist what we consider doubly-disadvantaged people to cope with labour legislation, any problems they may have around the question of maternity leave, or equal pay, or almost any terms and conditions that they might have to deal with. We know that many newcomers have very great difficulty in jobs and in adapting to our society. We feel that in particular native and immigrant women have a great deal of difficulty and often don't know about their rights in employment and, I would suggest, can be exploited rather readily.

The program attempts to make contact with those agencies that work directly with the people, with the families. We have run three seminars throughout Ontario—one in Windsor, one in Thunder Bay, and one in Toronto—where we have brought together representatives from all the different agencies to cover all the aspects of legislation they want to discuss, and to bring in experts in certain areas to discuss other kinds of problems they may have, because we build the program from the kinds of things they say they require.

A second aspect of the program is that we are beginning the distribution of literature on maternity leave and on labour legislation of interest to women; these are the concerns of two of our publications which are now in eight languages, including English. We are circulating these and have done a test run in about 25 schools in Toronto with the idea that many women, immigrant women in particular, do not have ready access to information; therefore, if it comes through the school, by way of their children, they will be able to familiarize themselves with this. We have publications now in English, French, Greek, Spanish, Portuguese, Italian, Chinese and Cree and we're trying to seek out the areas where this would be of most assistance. That's where we are in the program.

**Ms. Bryden:** With regard to the report on equal pay for work of equal value, which the ministry brought out about a year and a half



ago, has there been any further work done on the problems which this report raised. I think it asked questions more than it provided answers and it gave a review of the literature in the field but it did not really come up with any proposal as to how the principle of equal pay for work of equal value could be implemented. I understand that several other jurisdictions including the United Kingdom, have laws on their books providing for this principle; and it's also the subject of a United Nations resolution. Has the ministry done any further work in this field and has it come up with any proposals as to how we might start to implement this proposal?

**Hon. B. Stephenson:** Mr. Chairman, within the report there were suggestions about methods of implementation, pointing out some of the problems inherent in some of those suggested methods, as well. Much information has been collected as a result of the distribution of the discussion paper. It is being collated right now and it's our plan to hold a seminar conference on January 16 and 17. This will be specifically on the subject of equal pay for work of equal value, bringing in some expertise from other jurisdictions to inform us of the methods which they have used, the problems which have arisen and their routes to the solution of those problems. Marnie is in charge of organizing that conference and I think she could supply you with some extra information.

**Ms. Clarke:** As well as dealing with equal value, the conference is going to look at equal opportunity, which gets into the affirmative action area. The reason for this is, it seems to me—and I think it occurs to many people who have been working in this field for a while—that we've been looking at equal values as a panacea for the involvement of women's problems in the workforce. I would suggest to you that's false; in fact, any government that raised that kind of expectation would be met with a great deal of cynicism three or four years later when there hadn't been that much change. If we're talking about moving in that direction, hand in hand with that has to go our looking at other options—and not necessarily all legislative, but there are many variations that one could conjure with.

So, the conference will deal with that. We're going to have representatives from the United Kingdom and from the United States and there will be three or four papers by Canadians. What we are hoping to do is to learn from the evaluation of experience in the United States and the United Kingdom. We hear about the problems they face but I think it would be useful to hear it directly from them. We are planning to invite—through or-

ganizations—representation from business, unions, women's organizations and any other groups we feel should be interested, and are interested, in learning more about this.

If I could go on with the matter of equal value, I think that one of the areas in which we need to do a lot of work is the whole question of job evaluation. Can there be objective job evaluation? What kind of plans do we have in effect? I've been meeting with our research branch to see if we can get some more work done in that field. We need to know a great deal more about job analysis, how you really look at each job and take apart its scale and effort and so on.

**Ms. Bryden:** Have you been sitting down with some of the union people who specialize in job evaluation—not, specifically, for women—but there are quite a lot of union people—because this is an important part of their contract—who specialize in studying present job evaluation methods. They might be able to provide some light on how they've dealt with some of these problems of judging jobs?

[10:30]

**Ms. Clarke:** It wasn't the topic I was there for, but I met with Grace Hartman and Shirley Carr and we did have some discussions about this; but it was very superficial. It is an interesting suggestion—to find out who the experts are.

**Ms. Bryden:** Madam Minister, the federal government has now put equal pay for work of equal value into its Human Rights Code, I understand. Are you contemplating changing the legislation that affects the equal pay legislation in the Employment Standards Act, regarding the changing of our wording on equal pay, which is for work of substantially the same nature? Will you be changing our wording to follow the federal Human Rights Code wording?

**Hon. B. Stephenson:** Mr. Chairman, I can tell you that we are going to be very interested to see precisely how the federal government handles the enactment of that legislation. It is my understanding that they did it without any plan for implementation. I think it would be of great value to us to learn the problems and the pitfalls which, undoubtedly, will develop in attempting to implement the legislation. I am aware that Marnie has had a great deal of conversation with someone at the federal level who is making an attempt to do something about this, albeit tentatively, because they really don't know at this point how they're going to do it.

**Ms. Clarke:** I think, in addition to that—only part two has been proclaimed; they're



waiting a little while on the other parts. One of these includes, of course, the equal value action and they are working very hard now to see whether or not they can bring in the legislation in a gradual kind of way; how they would phase it in. It is a marvellous microcosm for the rest of the jurisdictions in Canada because where there is a small number of employees under that jurisdiction, we can see how it will operate. I think it will be a great help. There are a few other provinces playing around with the idea of equal value. What is happening now, I think, is that everyone is watching to see what will happen on the federal scene and how they're going to cope with it.

One of their major problems is going to be that if the federal government itself is considered one establishment and there are two or three equal value complaints, it will change the entire job evaluation system in the government. It will be chaotic if they can't find some way of phasing it in. That is what they are working on now.

**Ms. Bryden:** Madam Minister, do you have figures on the number of cases that have been brought up on the equal pay legislation that is now in effect in the last fiscal year? Compared to the previous year? I think there were about 17 or something in the previous year.

**Hon. B. Stephenson:** That will be under the employment standards vote; that information should be there.

**Ms. Bryden:** Perhaps the Women's Bureau might have that, too.

**Ms. Clarke:** You might be interested to know that we don't get all the complaints; they often come to us first. I would say in the last three or four months I have filed three equal pay complaints. So that the woman's name would not have to be used, I would file for her. They are all under consideration. I think we are probably going to be very successful.

**Ms. Bryden:** Well, perhaps I can ask that question when we get to the employment standards section.

There was a recent court decision which has threatened, to some extent, the proceedings under the Employment Standards Act for equal pay. The Supreme Court of Ontario ruled that because officers of the employment standards branch only investigate rather than make a decision, the concept of "a fair hearing" does not apply. I wondered if the minister and the director of the Women's Bureau think that this will make it much more difficult to obtain judgements in favour of women who allege that they have been discriminated

against on equal pay? Are they contemplating any amendments to the legislation?

**Hon. B. Stephenson:** I am not sure that it necessarily follows that it will make it more difficult to obtain reasonable judgements under the Employment Standards Act. However, that decision has most certainly been of some concern to the ministry, and the employment standards review is at the present time looking specifically at that to see if there is something that we should do which would improve the situation if that is possible to do. I don't know how Ms. Bryden feels about that. It certainly hasn't had any fall-out effect as yet.

**Ms. Bryden:** No.

**Hon. B. Stephenson:** But it does not seem to have in any way inhibited anyone from, to my knowledge, making a request for examination of a specific situation.

**Ms. Bryden:** Yes. Moving on to the affirmative action program in the private sector, could you tell us whether the budget for that, for this year, is up or down from last year?

**Ms. Clarke:** For the affirmative action consulting services?

**Ms. Bryden:** Yes.

**Ms. Clarke:** Actually, our department's budget is so totally integrated it's very difficult to lift out a figure. We estimated \$90,000 on the affirmative action service, but you have to realize that we have services to all the program areas and we don't separate out all the different supplies and so on. I would say that there'll probably be a slight increase in what is spent on that program. We still have the same staff and they're keeping very, very busy. The program seems to be moving along reasonably well. We are concerned about the whole question of the effect of economic concerns on this kind of program in the private sector, because there is no legislative support for the program. It appears as though most of the companies that have made any kind of commitment at all are still going ahead with the program and trying to develop the career potential of women on their staff.

**Ms. Bryden:** I'm glad to hear that the program is still carrying on at the same level or perhaps even slightly better. I understand, though, that the ministry waits for the initiative to come from the private sector rather than going into a specific area of the private sector itself.

**Ms. Clarke:** No, that's not correct. Most of the contacts are made by us. We have a

fairly carefully planned method of doing that. We research as much about the companies we are going to approach as we possibly can using public documents, and we have pretty extensive files now on all the corporations we're working with. Then a letter goes to the president of the company outlining what our services are and asking if he would be interested in meeting with one of the consultants. I would think that out of about 240 contacts, only about 30 of them were initiated by the companies, so the major thrust has to come from us.

**Ms. Bryden:** Is there any particular effort made to contact people who have contracts with the government, suggesting that perhaps it might be almost considered a condition of receiving a contract that they initiate an affirmative action program? In fact, it might even be an area for legislation.

**Hon. B. Stephenson:** I'm not sure that you look specifically at their roles related to government. That has not been a part of the pattern in the past because those companies, except for very large engineering companies involved in road building and construction which deal with government, tend to be reasonably small companies. Many of the 100,000 which deal with some regularity with government have fewer than 50 employees. The program has been started off by the bureau's specifically directing its attention towards the larger companies in which there is more hopefully immediate potential for mobility within the companies than there is in some of the smaller ones. That, I'm sure, is one of the areas that we will begin to look at as the program expands.

**Ms. Clarke:** I think certainly the experience in a voluntary program like this, when we begin to evaluate—and we have a report in on the program now, that we have not done a proper evaluation of it and it's very difficult when it's a voluntary program to do that—based on the evaluation which we would hope to have finished, perhaps by next spring, we then may have to look at: should we be considering legislation? The voluntary approach is a good one in that you're not coercing anyone, although, mind you, when a company gets a letter from the Ministry of Labour, it is probably going to pay some attention to it. Also, this is about the second question that we are asked at meetings, "Is there going to be legislation?" Of course, we can smile and say, "Well, if there is, you should get your house in order." So, you know, you do have a few little ways in which you can encourage them to develop programs.

**Ms. Bryden:** Do you know much about the American legislation which, I understand, has set targets for the results of affirmative action in industries generally?

**Hon. B. Stephenson:** Marnie has been somewhat involved in examining the results of this.

**Ms. Clarke:** My impression is that it is a pretty good program on the whole but there do have a lot of problems with implementation. I believe there are something like 14 compliance agencies and they all have overlapping guidelines and rules and regulations which they are throwing out at the companies. This must drive them wild; I don't know how they cope with it. But despite that, some of the research and the studies we've done have indicated that it has really made a change—it has made a change for minorities and a change for women. Change is often very painful and very uncomfortable and I think it's a painful and uncomfortable program; but I think it has made a difference.

I really will be interested to hear from two Americans evaluating their programs. I was in Washington about two years ago and had extensive discussions on their program. One of the misunderstandings I had was with "quotas". They kept saying that they were setting quotas. The fact is that if you look at the language of their legislation and the way they implement it, they are really not saying quotas at all; they're saying you make a good-faith effort to meet these goals. If you can prove you've made a good-faith effort, even if you haven't achieved that quota or goal or whatever you want to call it, then that's all right. But you have to be able to show that you have made a good-faith effort.

I think that is a misunderstanding we have in Canada where, if you just mention the word "quota," everybody puts their hands up in the air. But, actually, in practice in the United States, it's not the way it is supposed to work; it's supposed to be a good-faith effort.

I think on the whole it is a difficult program, a brave program for a government to have undertaken. I don't believe in lifting up legislation from one country and dumping it into another, because you have an entirely different social scene. It is a question of whether or not it fits here.

**Ms. Bryden:** It may have an effect or attitudes more than on actual results. As you say, if they appear to be operating in good faith, it is resulting in a change of attitudes. However, I agree that we should, perhaps monitor more of what is happening in the



US before we actually contemplate legislation in this field.

Just one final area of questioning: On the counselling program for women who either want to upgrade themselves or want to get back into the labour force, is there any regional provision through the regional offices for providing that sort of service outside the big centres?

**Ms. Clarke:** We don't have a direct counselling service at the bureau any longer. It was set up as a model several years ago. What we do is keep very close liaison with counselling agencies that are going to be involved with a great many women, and work with them to develop non-sexist counselling, because this is one very difficult area. Women are often discouraged from trying untraditional jobs by counsellors who think they wouldn't be suitable. So we work very hard with counselling agencies to encourage them to improve their own attitudes about women and their potential. That means we are working with counselling agencies around the province but it is certainly true that there is a terrible lack of such places, particularly places we feel comfortable in referring women to. It's a sad lack in our society, we have women re-entering the work force at ever-increasing numbers and there are very few places where they can get adequate non-sexist counselling.

**Ms. Bryden:** Well, in the regional offices, Madam Minister, is there one person whom a woman coming in could talk to about women's legislation and the Women's Bureau; are there any people whose responsibility it is to be concerned with women's issues in particular?

**Hon. B. Stephenson:** Certainly, the human rights officers have a good deal of concern about this, and the employment standards officers work closely in conjunction with the Women's Bureau. Because there is a very good liaison between those two areas, they are aware of the services which the Women's Bureau can provide and can certainly give them information, specifically about counselling agencies in the area in which they are functioning.

[10:45]

**Ms. Clarke:** We send a lot of material to the regions. The new Ministry of Northern Affairs is another one we're beginning to develop a liaison with. We have one particularly helpful piece of literature which is a job search book; it sets out to help a woman who is considering returning to work and looks at how she should go about doing

that, how she should assess her qualities, talents and skills?

We find that that's very useful in disseminating information. We also have a publication called Options, which gives a great deal of information on places to go for assistance or legal aid or counselling and other matters. That is circulated throughout the province and we have copies at all the regional offices.

**Mr. McClellan:** Madam Minister, last year when we were discussing the Women's Bureau we had a brief discussion—I think it was initiated by Gill Sandeman—on the relationship between equal participation policy and the provision of day-care facilities, and raised again the twofold issue of whether the Women's Bureau has picked up again the kind of work that the bureau was doing in the early 1970s around day-care policy issues, or whether it has continued to abandon that policy area to Community and Social Services.

Secondly, is there any interministerial co-operation, even on a policy research level, with respect to this absolutely central policy component of an equal participation policy? Can I have maybe a brief update on 1977—on whether that situation has changed or whether it remains essentially the same?

**Hon. B. Stephenson:** It remains essentially the same in that the Women's Bureau is not directly involved with the development of day-care facilities. Certainly, they have input into discussions regarding that policy area through a number of contacts which Marnie and Barb have.

**Mr. McClellan:** I want to push you a little bit on it this year because there have been, it seems to me, some major regressions in the province's stance with respect to day care. What precisely are the vehicles or the instruments that make interministerial co-operation possible?

**Ms. Clarke:** It seems to me in the day-care area that one of the major problems, and one in which we are beginning to discuss how we could tackle it, is the question of accessing funds that are available. A community group which gets together to set up a day-care centre has quite a rigorous time trying to get through the structures and get set up. There are a lot of very serious restrictions on the number of children.

**Mr. McClellan:** Leaving aside the more fundamental problem that there isn't any new capital money available this year, how is the Women's Bureau involved in that discussion with Community and Social Services? I agree it's a major dilemma for a com-



munity group to try to understand how to get access to capital expansion funds—assuming that there were any capital expansion funds—and in 1977-78 there aren't.

**Ms. Clarke:** You mean how can we split it with other ministries?

**Mr. McClellan:** How is your bureau relating itself to that particular problem?

**Ms. Clarke:** I don't think we're spending much time on it at all, quite frankly—because of priorities. Although I agree with you that day care is a high priority, the Status of Women Council did take it on very seriously and spent a great deal of time and effort negotiating with the other ministries on it. It seemed to us that it would be a duplication for us to jump into it too, and start pressuring.

I share your concern about it. You can't speak to women's organizations or speak to women without realizing the seriousness of the problem.

**Mr. McClellan:** Right. You said essentially the same thing last year. I retain a concern that the Women's Bureau has much to contribute to the discussion and I think the Ministry of Labour has much to contribute. You bring a completely different perspective, in a different context—hopefully, a manpower concept. But that just isn't taking place; there is that vacuum, and in that vacuum what is happening is that day care is being welfare-ized. Day care is becoming increasingly a welfare problem. That is to say, it is something that is available for troubled families, or problem families, on a means test basis.

If you want to apply for day-care subsidization, where do you go? You go to the welfare office. That's where you go to get day-care subsidization in this province, you go to the welfare office. In Toronto you go to the George Street office and you have to fill in probably the most humiliating means tests still being administered in any jurisdiction in this country. I'm quite convinced that the Form 7 is the most degrading, humiliating means test that we still have, and that is the way you get access, in this province, to day-care subsidization. That's what happens when a program gets the wrong kind of bias, the wrong kind of orientation.

**Ms. Clarke:** But I think that's exactly what we're trying to deal with, and the bureau does try to deal with this one factor, the philosophical question of day care. I think we have to be honest and say that many people will object to a really—what I would like to see and I gather what you

would like to see—a pretty expensive and high-quality system of day care. But that would mean a commitment on the part of a society that I have seen very little evidence it's ready to make. I also feel that the bureau is not powerless, nor has it done little in this area. I don't think there's time when any of us who go to speak for the bureau or who get an opportunity to speak on radio or television or wherever don't try to deal with this problem and try to change the attitudes, and point out the importance of day care and the fact that maybe we have to start changing our attitudes and stop penalizing women for the fact of having children, which we need in our society.

**Mr. McClellan:** My quarrel is not with you or with the Women's Bureau; it is with the minister and with the government. You could substitute the word "government" for "society" and perhaps be more accurate, because it isn't society that is administering the Form 7. It's a requirement of your government that day care has to be provided under conditions of humiliation and means testing. That tendency has been increasing enormously over the last 12 to 15 months, and all indications are that it will be stepped up even more intensively in the 1977-78 year.

That's really a shame. That's really very distressing because, without wanting to be labour the point—I think that I've made it—day care is absolutely essential if you are to achieve the goal of full and equal economic participation in this society. You simply have to have adequate day care and you can't provide it on the basis of a welfare orientation. That has to be provided on the basis of generous and easy access to subsidization.

**Mr. Chairman:** Have you any further questions, Mr. McClellan?

**Mr. McClellan:** No, I don't. There were no answers forthcoming. I think the policy of the government is very simple: that day care in this province is a welfare program. It has nothing to do with equal opportunity. It has nothing to do with facilitating equal participation of women in the work force. It has to do, simply, with providing a charitable service to problem families. That is really quite tragic, because until we provide adequate day care, we're not going to come anywhere close to fulfilling the goals that had been described as the goals for the Women's Bureau and for this ministry.

**Mr. Chairman:** Thank you.

**Mr. Davidson:** Miss Clarke?

**Ms. Clarke:** Ms.

**Mr. Davidson:** Ms? All right, sorry. I'd like to go back, if I may, to the area you referred to, of printing literature in eight different languages and distributing it to various groups. Were the ethnic community groups and information centres included in the groups that this literature is being dispensed to? And if not, why not?

**Ms. Clarke:** I believe it has been circulated to them. If it hasn't, I can't imagine why not. We have fairly extensive mailing lists of people it would go out to. We also, of course, respond a great deal when people call or write in for our literature and ask if we have it in other languages and can we make it available. As far as I know, it should be in all the information centres.

**Mr. Davidson:** I was going to suggest, given that most of these are funded by the Ontario government, surely a list of such community centres or information centres would be available.

**Ms. Clarke:** Oh, yes. We have a very close relationship with those centres.

**Mr. Davidson:** Secondly, are you planning on increasing from eight languages?

**Ms. Clarke:** This is only in two limited areas, in the maternity leave pamphlet and in the labour legislation of interest to women, which gives a fairly comprehensive picture of their situation in the labour market.

I can't think of another language at the moment. We had a great deal of difficulty in getting free translation done, and also some problems with the Chinese because of the pictorial nature of that language. Can you suggest another group that we have overlooked? I think we have covered the major ethnic groups.

We also have "Law and the Women in Ontario," which is a very large publication and fairly expensive to produce. We have it available in French and English right now.

**Mr. O'Neil:** You mentioned distribution of some of this material that you have. Do you also distribute it to the high schools throughout the province?

**Ms. Clarke:** The major material that we distribute to the high schools is our career guidance literature. At the moment we are working on a very extensive publication called "Career Selectors," which is looking at job opportunities in a wide range of areas and particularly expanding the technical fields and areas that women have not traditionally entered. We are getting that material to schools as soon as it is published.

In the meantime, we do send a great deal of material to the schools and we constantly get requests for speakers and for materials

on a wide variety of topics. We help with research papers on women sometimes too. We'll get a phone call from a high school student who says: "Tell me all about women. I have to write a paper for tomorrow." Yes, we have a lot of liaison with the schools.

**Hon. B. Stephenson:** Could I just ask, if I won't be interrupting here, at how many schools the film has been shown?

**Ms. Clarke:** I am sorry but I don't know the number. I don't have that with me.

**Mr. O'Neil:** There is a film too?

**Hon. B. Stephenson:** The bureau has produced an excellent film on career choices for women, concentrating particularly on career choices which are not traditional. It has received a great deal of acclaim from women's groups but would be excellent for distribution to schools.

**Ms. Clarke:** We have 11 copies and they are going around the province all the time. They are always out. I know that many are going to the schools.

**Mr. Hennessy:** The statement was made about day care becoming a welfare case. I don't buy that, because the simple reason is, did you ever go to the bank and try to borrow money? Did they just give you a cheque and tell you, "Good luck. Come back again"? I think this government would be irresponsible if we didn't at least check up on how the taxpayer's money has been spent. I say day-care centres are a good thing, but Mr. McClellan's idea is that as long as you go in at the right time and on the right day you will get the cheque without any questions asked. Naturally there are going to be—

**Mr. McClellan:** You don't know the difference—

**Mr. Hennessy:** Excuse me, I am speaking. You can speak after. The idea is that you can get a cheque without any questions asked. You seem to think that everybody's been abused and that there are guards there with whips and guns. I think the idea is that the taxpayer should be protected. It is all right to be on the side that you are on. You are in the giveaway program. Other people are left to pay taxes and there are many people in the province we have to think of too.

There have been many charges that the welfare and other cases have been abused. We have those to look at too. I think day care is a good program, but the way you want it to be is that there are no questions asked, just roll out a red carpet, give them a cheque and tell them to come back whenever they need some more. You are not protecting the taxpayer. I can't buy your argument.



[11:00]

Mr. McClellan: It makes more sense to us to have people working than to be on welfare, and day care is seen as preeminent means of bringing that about and achieving that goal. Mr. Hennessy's comments are, I suppose, the crudest way of expressing current government policy.

Item 3 agreed to.

Vote 2303 agreed to.

On vote 2304, occupational health and safety program; item 1, program administration:

Mr. Laughren: Mr. Chairman, I'm pleased to be here again this year and to be able to take part in the debate on occupational health. I'm pleased, as well, that we're able to talk to the same minister who was involved with the last one, so there's a form of continuity there. That's always helpful.

As I look at the whole field of occupational health, and as the province moves rather hesitatingly and haltingly into the whole field of occupational health, I hope it's appropriate to stand back a little from things like specific bills and take a look at where we're going, the direction we're moving in, because I think everybody would agree that in a society that embraces the work ethic as does this one, all of society benefits when the workers in the society are protected and when there's a high level of respect for working people in a given jurisdiction.

I use the term "working people" very specifically and very deliberately, because traditionally occupational health has been a working-class problem. While some would like to pretend that's not so, basically it's the workers who've had the broken bones and the industrial diseases. It doesn't happen to the bosses. That can hardly be disputed. I'm very concerned that we're going into occupational health the way we are in the province of Ontario—with good motives but with a lack of focus, a lack of direction and lack of planning in the whole area.

When I talk about occupational health I talk about it in a very traditional way. I'm plugged into the old problems of broken bones and industrial diseases. I think that when we have a preventive program of occupational health that deals with identifying problems, monitoring them, solving them for the future, then we can afford the luxury of the new kinds of occupational health problems like executive stress and jet lag and the results of smoking too many Cuban cigars, that kind of thing. Until we have the preventive program in the traditional sense, I don't think we can afford the luxury

of worrying about those other more sophisticated forms of occupational health.

It's because basically it's a working-class problem that you have the NDP—I'm proud to say it—and trade unions being basically the ones who have been most involved in raising occupational health issues in the province. That, of course, is no coincidence. We believe that traditionally the approach of the government towards occupational health has been a very paternalistic one and that is reinforced in the new legislation. I know we're not here to debate the new legislation; I understand there'll be ample opportunity for that later. We're worried that it reinforces the old master-servant concept of workers and employers and that the new bill doesn't do anything about that. It simply continues that practice, that thinking and that attitude in the work place and I am very disappointed in that.

I know it's very difficult for lawyers and doctors and teachers to allocate to workers the kind of responsibility they are capable of handling; namely, control over their own environment, and monitoring their own environment. That simply was not done in the new legislation that came last year and now the omnibus bill does not do that either.

We are very concerned about that and I think it is appropriate that we mention it now and debate it more fully when the bill comes up for second reading and then in the committee stages as well.

I think we are in a difficult time in dealing with occupational health problems in Ontario basically because of the high degree of job insecurity. Perhaps I'm overly sensitive about job insecurity because of the area which I represent, being in northern Ontario where we have an extremely high unemployment rate, which I mentioned here the other night.

That does give people an extremely high degree of insecurity and gives them pause when pursuing occupational health matters, not so much in the industries where you have a very strong, active safety and health committee through the local union but in other areas. The workers just hesitate to pursue it when they know there is danger and when they know as well that the government won't be there to back them up.

You know, Madam Minister, I know and above all the chairman of this committee knows that games are played with workers on occupational health. We need only look at the Midlothian mine, a United Asebstos mine in his riding, to know what can be done to workers when there is an occupational health problem and how they can be dis-



couraged from pursuing what surely is an obligation on their part, namely to protect themselves and their fellow workers. There is management and there are politicians who are not above using the threat of unemployment when dealing with occupational health problems. That is something that bothers me a great deal as the work place becomes insecure.

Management, of course, isn't unduly concerned about that, but I think that is something that we must be aware of. That is one reason I think that the attitude of the government simply is not tough enough yet on occupational health matters. It does not protect workers who end up working in an industry or in a particular mill or plant or mine that has occupational health problems. You need look no further than that operation in Midlothian, the United Asbestos operation.

The whole question of problems in occupational health is still being dealt with in a reactive kind of way. I know that in the new bill you talk about providing information on toxic substances and so forth, and say that the director may require that the information may be gathered on it, but I still think the government is moving in a halting kind of way as though it was afraid of being over-committed to the cause.

I don't know how you can be overcommitted to a cause like occupational health, but somehow I feel that is what you are doing. You haven't embraced it with enthusiasm, the way I think you should. For example, just looking at the estimates book and the amounts of dollars that are being spent this year on occupational health, it's very hard to tell how much of that is new money being spent in the field of occupational health and how much of it has been transferred from some other jurisdiction, such as the Ministry of Health or the Ministry of Natural Resources.

I would be very interested in having specific figures as to what extent that money is being spent on administration and to what extent that new money is being spent on field work, doing something about the problem out there. I would very much appreciate it if, in a few moments, you could give us that information.

I mentioned earlier that there were some questions that needed to be asked about the whole question of occupational health to which I think this ministry should have the answers. If the ministry doesn't have them, it could provide us with the answers.

I suspect the whole problem of occupational health is more serious than most people realize. According to the National Institute of Occupational Safety and Health in the

United States, with which I know the minister is familiar, in the case of all adult males employed in high-hazard industries, 30 per cent of all their diseases could be attributed to work-place exposure but only five per cent of those diseases could be identified as being related to the work place through employment or compensation board records. So, when that happens, when workers have diseases because of exposure at the work place, and only five per cent of those diseases can be directly attributed to the work place through employment records and compensation records, then the culprits are not paying. They are not necessarily deliberate culprits, but the system does not identify the diseases as being related to the place of employment.

So, what happens is that the public sector picks up the tab on dealing with those diseases, whether it is cancer caused by an unknown carcinogen, or because of the latency period we don't yet know that the problem should be attributed to the work place. Then you have the public sector picking up the cost of 95 per cent of the diseases which should have been attributed to the work place, if only five per cent are actually identified now.

I would be very interested in having the minister comment on that and how she intends to get around that because of the lack of records that there are in Ontario. We know that government inspectors are not the answer. I know the minister believes that from statements she has made in speeches, that you cannot possibly hire enough government inspectors to monitor the work places in Ontario; it is simply not possible. I am sure you would agree with that.

We know, for example, the Last Post did an article a year or so ago on occupational health and it quoted figures in Ontario that said there is one inspector—this may have changed in the last year—there was one safety and health inspector for every 600 workers in Ontario and that there were five times as many fish and game wardens as there were health inspectors in the province—some kind of indication of priority—and that we do have to have a different way of inspecting the work place and monitoring what is happening in the work place.

I would like to ask some very specific questions of you: First, does the ministry have any idea of how many cases of occupational disease there are in the province? If so, how many? If not, do you have any plans to develop that kind of statistic so we know where we're going, so we can establish

priorities in the whole field of occupational health?

Second, if you do have those plans, or if they are even there now—I don't know, I don't want to prejudge—how will you measure anything you do in the whole field; how will you measure your rate of success in dealing with the problems that are out there?

Third, what percentage of work places in the province are being inspected, and what percentage of those are inspected on a routine basis as opposed to just whenever you get a phone call that there is a problem in the work place? What percentage have been inspected at the request of a worker or workers' representative? Probably even more important, what percentage of work places are reinspected to ensure compliance when orders or recommendations are made? I'll raise later an example that certainly brings to question the follow-up procedure that you have in the ministry.

Fourth, is there a schedule of visits for inspectors, and how is that schedule determined, and what information is used in the recommendations or decisions that those inspectors make?

[11:15]

Fifth, does the ministry know what chemicals there are in the work places in Ontario? Have high hazard substances been identified? What does the ministry propose to do about them?

I'll tell you, on that point—every time I think of the petrochemical industry, I have a chill run through me because I don't think we know what is happening with exposure in the petrochemical industry. If you do, I'd sure be delighted to know what you know about the petrochemical industry; I am thinking of Sarnia in particular—but not solely Sarnia. I really do have fears about the petrochemical industry because the estimate in the United States is, I think, that there are several thousand new chemicals introduced into the work place every year. How, in the world, are we going to keep track of that? How are you going to monitor that?

Sixth, what if any testing is being done on cancer producing agents in the work place? Are any special efforts being made to lower TLVs—the threshold limit values. That is a particularly acute question because in many cases we don't know if there is any safe threshold limit value. One needs not look back too far in history to be concerned about that problem with the whole question of asbestos and uranium, PCBs and PBCs. One could go on and on.

Seventh, what attempts, if any, are being made to develop tests which identify disease at an earlier stage, such as before the dust effects actually show up on the x-rays and sputum tests? Are there new methods being devised? Also, how is that being co-ordinated with the Workmen's Compensation Board in Ontario? I tell you—you have a problem there. We don't want to talk about the Workmen's Compensation Board today. I am in much too positive a mood for that.

Right now, there is a problem when dust effects are identified in a worker—in the work place. He has real problems in dealing with the Workmen's Compensation Board. Could I give you specific examples there. Despite something called Code 4 for uranium workers, and also, I think, for asbestos workers at Canadian Johns-Manville, they are not getting the service to which they are entitled under that program? There are very good reasons for that too.

By the way, may I just interrupt myself here for a moment? Maybe the question has been asked. Is the Workmen's Compensation Board coming before the committee at the end of these estimates?

Hon. B. Stephenson: The question has not been asked to my knowledge and we are waiting to see what the committee has to say about it.

Mr. Laughren: What committee?

Hon. B. Stephenson: This committee.

Mr. Laughren: Of which I am a member.

Hon. B. Stephenson: The Workmen's Compensation Board is required to appear before a committee once each year.

Mr. Laughren: Could I suggest that it happen when these estimates are finished, as it has in the past years?

Hon. B. Stephenson: That is what we did last year.

Mr. Laughren: You would have no objection to that, if the committee would agree to it?

Hon. B. Stephenson: It is the committee's decision; it is not my decision.

Mr. Laughren: Okay. Perhaps at a more opportune time I could put that in the form of a motion and we could deal with it. Thank you, Mr. Chairman.

Eighth, what training is being given to ministry inspectors in health-hazard recognition? How successful has the training been, and what percentage of inspectors have had such training? It deals, of course, with inspectors who are already in the field.

My last question is probably even more important. I don't have to reinforce this question because I know how the minister



and Dr. May feel about it as well—the shortage in the field. Given the shortage of people trained in the whole field of occupational health and safety, what plan, if any, does the ministry have to provide for such training? Is any in-house training being carried out?

As I said earlier, there is an army of—I shouldn't use that term because Barney Danson will pick up on it—there is a legion of people out there called workers who need to be trained and are willing to be trained in the whole field of occupational health. But it has come from somewhere. The ministry has a very heavy responsibility to develop programs in that area. I still believe, as I have always believed, that the answer is through all the community colleges; I know there has been some tentative work done, but I am not aware of any.

**Hon. B. Stephenson:** Scarcely tentative.

**Mr. Laughren:** I'd like to know your enrolment figures in that program, and how you are working it out for workers on shifts in the whole field?

Also, I'd like to know—and this is a terribly important question, it's number 10—what you are doing to establish a data bank of worker-exposure across the province.

The example that comes to mind, and really bothers me, is that of a little asbestos mine just west of Timmins up in the riding I represent. There were about 600 workers employed in that mine over a number of years; the Reeves Mine it was called. The mine shut down and the workers scattered to the four winds. I think the mine was open eight or nine years and I suspect that those records will be lost, one way or another, because we do not have a centralized data bank of employee exposure to contaminants.

I don't know how you start out on a program of preventive occupational health without that. It seems to me that a lot of things could be on a hit and miss basis and in the end be futile without such a system established in the province. I know it would be an onerous task. But I think it's terribly important that it be done. Because the alternative is, as my friend Mr. Falkowski of the United Steel Workers of America, says to keep putting out brush fires. I think that's an apt way of describing it.

How many Elliot Lakes, sintering plants, asbestos plants are we going to have? Or, in the petrochemical industry, how many of those are we going to have before we realize that we've got to have a more comprehensive program, a program based on prevention and on a coverage of the entire province. I think if we were to do that as a province the benefits

would spill over into other provinces, the entire country, because people would start to plug into it. We could follow workers and I think could play a real leadership role in that respect.

Just as we can in the training of occupational health specialists through the faculty of medicine at Toronto or McMaster, for example. So, I'm concerned that in the occupational health field we're not going to think big about prevention, about the compilation of data, and about using workers to monitor their own environment. Those are the things that really bother me. I look at the new bill and I do not see it dealing with those problems. I'm the first to admit that we've made some progress in the field of occupational health in the province of Ontario in the last couple of years. But I think a lot of it could end up being wasted if we don't approach it in a more positive way in terms of prevention.

I was really impressed by some figures when I was reading a magazine called the Miner's Voice. The minister may even get a copy of it; it's put out by the United Steelworkers of America. They talked about how hazardous an industry mining is. We've all been exposed to the debate on capital punishment and the outcry from people when a policeman gets killed on the job. But statistics given in the magazine article and taken from records of the Ontario Provincial Police, Metropolitan Toronto police, the fire department and the Workmen's Compensation Board, show that fatalities in the Ontario work place per million hours of work breakdown as follows: for miners it's .39 and for police officers it is .09.

**Hon. B. Stephenson:** What about firefighters?

**Mr. Laughren:** Firefighters are the only ones who are higher—they're .43. And for all the public outcry over police deaths, people are strangely silent on the whole problem of deaths in the mining industry. As a matter of fact, I can't remember any kind of charge being laid against an employer over problems in the work place, even when one looks at the Sudbury Metals case where the workers were killed. That was a tragic thing. I'm very unhappy about what happened in that whole case.

Deaths in mines are specific, traditional kinds of accidents. The area that's going to cause us most problem in the future is the more sophisticated area of diseases. I'm sure the minister's aware of that.

I end my remarks there and shall get into specifics when we reach the occupational health and the safety inspection program. I



would very much appreciate the answers to any of those questions I asked.

**Hon. B. Stephenson:** Mr. Chairman, the ministry is thinking big philosophically in terms of occupational health in its approach to the prevention of problems rather than a curative approach which, I suppose, could be construed as a brushfire kind of activity.

We feel very strongly that the necessary information base is not present at this time; that one of our major activities has to be the collection of that information base—the collection of information about worker exposure and about the various kinds of jobs which a worker may follow, and this is one of the thrusts which has already begun, as a matter of fact. We have begun the collection of information on potentially hazardous materials being used in work places in the province of Ontario.

It is a major task. It is not going to be achieved overnight; there's no doubt about that; and it will be an ongoing task for all the years that occupational health continues to be a problem. That, I'm sure, is for the foreseeable future at any rate. The data bank is one of the areas about which we have very real concern and about which we're attempting to make a useful and effective start with the collection of information. I think it is fairly well spelled out in the bill—that necessity for prospective record keeping in the area of worker exposure and in the area of physician record keeping as well.

**Mr. Laughren:** It's hit and miss, though.

**Hon. B. Stephenson:** Record keeping is one of the major problems that physicians have not been traditionally as concerned about—the potential for health hazard in the work place—as they should have been. In many instances, the history taken by the physician, both within the physician's own office or in the hospital, tends to neglect the information which could be collected about work places. It is this record which might indicate to a physician the cause of a worker's ailment and make some impact on the disease with which the patient is suffering.

We're attempting, with all of the persuasive power it is possible to develop, to improve the record keeping both at the physician level and the hospital level, regarding work place health hazards; and, most certainly, it is with the employer that we can be fairly direct in our approach about the necessity for record keeping.

The statistics about inspected work places I shall leave to the directors of the various branches of industrial occupational health and safety, and mining health and safety.

**High hazard substances:** As you're aware, there are a number of sources of information for this. We have, I think, within our own deputy minister one of the best compilers of high hazard substances in North America. I'm sorry—I should have said the assistant deputy minister. The deputy minister wouldn't ask to do that.

Dr. May has on his list some substances which are not included on other lists being used by NIOSH and various other groups. It is our intention to make this information as widely known as possible to all workers.

**Mr. Laughren:** Why wasn't it done 10 years ago?

[11:30]

**Hon. B. Stephenson:** I think probably because there simply was not sufficient concern about it at that time generally, nor was there sufficient information collected at that time in order to make it a rational approach. I suppose. But at any rate, it most certainly is at this time, and that is the area in which we will certainly be moving.

You were asking about testing on cancer-producing agents. That, of course, is carried out primarily through the health sciences facilities throughout North America and throughout most of the rest of the world as well. That information is shared very widely, as I'm sure you are aware, and our long-term health studies group will be examining all of the information that comes from all of the sources in the world about potentially hazardous substances or carcinogenic agents so that we will be aware of those as well.

We will not be relying only upon our own research, which would necessarily be somewhat limited. I don't suppose any jurisdiction has ever had sufficient funds within its own area to do all of the research which is necessary. Therefore, world-wide co-operation is necessary. I'm pleased that the occupational health physician group, specifically, is one which tends to share information freely and this, of course, will be utilized as effectively as we possibly can.

New methods of early detection are also a part of the health sciences program and they are being developed on a world-wide basis as well. All of those are being examined too. We are looking at certain potential tests for increased introduction into Ontario right now and, hopefully, we will have some better information to help us to plan the way in which they can be introduced most effectively for the workers' sake.

**Mr. Laughren:** On a number of those tests on cancer-producing agents and so forth and identifying diseases at early stages, to what extent is that being integrated into the occu-

pational health branch of your ministry? To what extent is the Ministry of Health doing some, and somebody else doing some, and to what extent are you co-ordinating that?

**Hon. B. Stephenson:** It's all co-ordinated within the Ministry of Labour. The long-term studies group of the health protection branch of the Ministry of Labour is charged with that responsibility. Of course, they will be collecting information from people who are working in health specifically, or who are working in environmental health, for example—because there are some individuals with that kind of specialization—but they also will be getting information from various university sites, from health sciences centres around the world. We cannot limit our sources of information or the sources of study to our own jurisdiction, nor even to North America. It's important that we not do that. But it most certainly is co-ordinated in one section within our ministry.

The training of ministry inspectors I think I will leave for the various directors to tell you about, because this has been going on in all three areas. Measuring the success of training is, I suppose, as long-term a study as measuring the success of the curriculum in the faculty of medicine. It will take, probably, several years to tell us just how successful we are being, but an indication of our success, of course, will be the reduction, certainly, of accident rates, which is a much more immediate response that one can measure. The success in terms of prevention of disease is something which will require a fairly long-term examination to determine totally.

The shortage of trained people, as you say, has concerned us very greatly and we have done some very active recruiting, some of which has been successful and some not quite so successful. But we certainly do have plans for training, which I'm sure Dr. May will be happy to tell you about.

I really am a little concerned that you would feel that we are being tentative in our approach to occupational health and safety. I think we will be as comprehensive as we can possibly be, as direct as it is possible to be as well, with as much concern as it's possible to generate on all of the fronts of occupational health and safety, because they are multiple. It's not as though we were simply attacking one single problem, one single disease entity or one single set of human circumstances. The variety of industry in this province is wide.

The exposure to which our workers may be subjected are multiple as well and we have to be prepared to make as vigorous an attack as we possibly can on all of the prob-

lem areas. That is our intent. That is the way in which we have been working. That is the basis upon which we have reorganized the occupational health division of the ministry, and I think it has been organized on a basis which will help us to do just that.

I don't think that we are being at all tentative about it. We don't have all the answers but we are very willing to tell you right now that we don't even know what all the problems are; and we are not going to know all the problems for some time to come. We will require the co-operation of both unions and unorganized workers and employers to solve those problems; so we are attempting not to be autocratic in the area.

What we are attempting to do is develop the co-operative spirit and the active co-operation which we require on both sides in order to fulfil our mandate.

**Mr. Laughren:** A couple of things bother me about the minister's response. Perhaps the figures that will be forthcoming will allay some of my fears about the tentativeness—about how much new money is going into the program and how much is simply a transfer from another ministry. Perhaps the deputy could talk to that?

**Mr. Armstrong:** I can give you that; the old money is \$10,927,500. The new money devoted to the division itself is \$4,300,000 and there is an additional \$700,000 allotted to ministry administration—that means it's directly related to administration of the new division.

**Mr. Mackenzie:** Is that \$700,000 part of the \$4.3 million?

**Mr. Armstrong:** No, that is in addition to the \$4.3 million for a total of \$5 million.

**Mr. Laughren:** Five million dollars is the new money?

**Mr. Armstrong:** Yes.

**Mr. Laughren:** Can you tell me, without bringing out a catalogue, where that \$5 million is being spent in terms of administration as opposed to spending in the field and that kind of thing?

**Mr. Armstrong:** That information is available and I am sure Mr. Morgan could go over that item by item, but it is rather complex. Do you want to do that now?

**Hon. B. Stephenson:** If you are asking about the proportion directed towards administration of the program and the actual inspection programs, that is fairly clear. Those are figures which are set out fairly concisely.



**Mr. Mackenzie:** Do we have the figures that are reduced in other ministries as a result of this transfer?

**Mr. Haggerty:** How many people are involved? Do you have a breakdown of that?

**Hon. B. Stephenson:** Yes, I believe Dr. May has that.

**Mr. Laughren:** Would it be easier if I put it this way: Can you tell us how many people are actually having contact out there with workers and with employers and trade unions?

**Hon. B. Stephenson:** In the field?

**Mr. Laughren:** Yes.

**Hon. B. Stephenson:** Do you want to do it division by division, industry by industry and occupations such as construction and mining?

**Mr. Laughren:** As a matter of fact, I would be quite happy not to have them right at this moment; but if you could get them later—

**Mr. Armstrong:** I can give you the additional figures. You are talking about complement now?

**Mr. Laughren:** Yes.

**Mr. Armstrong:** In the field force, there has been—I'm talking of occupational health industrial and construction—a total addition of 25; in mines engineering, a total addition of 47; in occupational health and safety technology, an addition of 55; and in program administration, an addition of 23; for a total addition in the division of 150 people.

In addition to that, the general additions with respect to ministry administration at large—that is to say, personnel, information services, analysis, research and planning, supply and office services, financial service—give a total of 30; for a total complement addition of 180.

Now I have, as well, the figures attached to each of the others. I could provide those for your information.

**Mr. Laughren:** Okay, thank you. The other thing is—I'm hesitant to embrace the concept—what you tell me about it not being a tentative kind of thing you are into. Your response to some of the questions I asked you, given the fact that you are new into the whole program—I understand that and I think I make allowances for that, when you are trying to get into something new and something as potentially big as this—but your responses were pretty general and pretty vague. I would sure be interested in knowing more specifically how it is you are going to do those things that I asked you in those questions.

It's fine to say, "We've got people monitoring new information from around the world" and so forth, but I can't picture in my mind how that is going to bring a focus in Ontario into, for example, the whole toxic substances problem in the work place. How are you doing that specifically? I am very unhappy with the generality. That really doesn't satisfy us.

**Mr. Armstrong:** Mr. Laughren, I think Dr. May and his program directors are prepared to address each of those questions—12 or whatever number—I am sure they are prepared to address each one of them. You will appreciate that there will be some degree of tentativeness to some of the answers because of the early stage of the program. But we both made notice of the questions you asked and I am sure we are going to direct our mind to each one of them. It's a question of whether you want to do them under a program of administration. Each of the questions is separate, really.

**Mr. Laughren:** That's one reason I raised it now, because it is under program administration. I thought it was more appropriate there.

**Mr. Armstrong:** It's entirely up to the experts. Dr. May tells me it would be more orderly and systematic to do it program by program. Then when we finished that, if we hadn't answered any of them, we can come back and wrap it up.

**Mr. Lewis:** Be disorderly.

**Hon. B. Stephenson:** The question covers the entire section—

**Mr. Lewis:** It would give us an overview now.

**Hon. B. Stephenson:** Do you want to do it that way now? Okay, fine. Do you want to proceed—well, how about talking about the structure which has been established first, and the way in which Max's division is going to relate to the development of standards and Rod's area?

**Mr. Mackenzie:** Just an interjection for a moment, Madam Minister. I take it we are dealing now with the cost or what is actually new money in our overview?

**Mr. Laughren:** No, I thought we would pass on. If you have a question in mind—

**Mr. Mackenzie:** What I wanted to know is, is that \$5 million new money, period?

**Hon. B. Stephenson:** Yes.

**Mr. Armstrong:** That was new money.

**Mr. Mackenzie:** There is nothing hidden there in transfer of responsibilities from Health, for example?



**Hon. B. Stephenson:** No.

**Mr. Armstrong:** No. That's new money, and as I say—

**Mr. Mackenzie:** We would presumably see a drop in Health corresponding to whatever is now under the Ministry of Labour?

**Hon. B. Stephenson:** The transfer of Health complement and cost, yes—and from Natural Resources as well.

**Mr. Armstrong:** That is separate. The \$5 million is expenditure that is not borrowed from other ministries.

**Hon. B. Stephenson:** It is in addition to what was transferred from other ministries.

**Mr. Laughren:** Okay, Rod? I was interested in the specific problems of toxic substances—carcinogens, that sort of thing.

**Dr. May:** I think perhaps I should explain how we put the division together because then you would see how these things relate to each other.

As you know, the occupational health and safety division was developed around the existing nucleus of the industrial construction safety inspection division of the Ministry of Labour, plus a unit which was originally entitled "staff branch" which really provided the support to that group.

When the occupational health protection branch came from the Ministry of Health, it brought with it the professionals—it didn't bring the support staff which would have to be associated with it. That, when it was in the Ministry of Health, was obtained from the general administration of the Ministry of Health.

[11:45]

The same thing applied to the mines, engineering and inspection branch. We had to develop a system which either improved the support system within the individual branches, which would be uneconomic in terms of people and other resources and wouldn't really hold the division together. Based on the fact that there was an existing staff branch which was to support construction and industrial safety, the program administration for all those branches was developed in there. Not administration in the sense that we've been talking about the ministry of ministration—personnel, finance and so on—but the professional type of administration such as the support procedures and programs. It's in that area that there will be a co-ordination group looking at all the information that goes on in other provinces and other countries; they will be looking at industries—collecting, evaluating and identifying the problems that come out of

the records which are accumulated and which we already have available.

Done branch by branch, it would mean that people would have to come out of the operating programs; we can't be constantly disturbing operating programs. We felt it was better to identify them in this one group where they all have available to them the data bank that we're going to accumulate, the facilities to program the information, to have it extracted from the programs and evaluated; and then to develop the new policies, co-ordinating with the people in the operating programs those new programs which have to be developed.

It's in that group that the beginning of the identification of these toxic materials will first come about. The material comes in from the field. This is the only place you can get it. It's a question of going around, knocking on doors and saying, "what are you using? What are the materials going in? What are the products you're producing? What are the byproducts, the wastes and so on?" Then we would bring that in and identify it, record the numbers of people involved, amounts used, the length of exposure and so on, so that the whole thing will tie in together.

If you look in the Act you will see that there is provision in the regulations to do just this—to set up the system to acquire all this data.

**Mr. Laughren:** Do you have a special program dealing with the petrochemical industry?

**Dr. May:** Not a specific program. We have a program relating to chemical agents which will embrace the chemical industry. Some of those things which appear in the chemical industry—carcinogenic materials, et cetera—will appear in other industries generally.

**Mr. Laughren:** Can I ask you this question? Do you know how many occupational diseases there are in the province?

**Dr. May:** No. The only listing that we have is of those which are identified through compensation systems.

**Mr. Laughren:** God help us.

**Dr. May:** And those which come to light from direct contacts with physicians generally.

**Mr. Laughren:** How are you improving that, because I suspect you would agree that the Workmen's Compensation Board system of identifying diseases is simply not good enough. For one thing, there's a vested interest there, quite frankly. That's not going to identify industrial diseases for you.

**Dr. May:** Could we, perhaps, not just talk about industrial diseases? Let's also talk about health effects because if you're talking about occupational diseases you're talking about the end of the line. If you're talking about health effects—if we're in the prevention business—this is the point we need to attack.

**Mr. Laughren:** I'd be quite happy to move to that if you could tell me about the diseases first.

**Dr. May:** Well, we're going to have to have a system of notification of diseases and this involves an education training program—as the minister said—embracing all physicians, nurses, hygienists and everyone who has any involvement in occupational health.

**Mr. Laughren:** How are you going to identify occupational diseases? How do you compile a list of diseases? Surely, you can't do serious work on prevention until you know what the diseases are. How do you know what the diseases are? How are you going to accumulate that list?

**Dr. May:** You mean the clinical information on the diseases?

**Mr. Laughren:** Yes. What is an industrial disease; not according to the Workmen's Compensation Board, according to more valid information?

**Dr. May:** An occupational disease is a disease which arises directly out of an occupation. So we've got to go back to those people.

**Mr. Laughren:** Are you doing that?

**Dr. May:** Yes. There will be survey programs by identifying what you might call target programs. You would look at target hazards to see what the health pattern is in those people who may be exposed to those particular hazards. You may look at target industries where you know there are certain specific diseases which arise and to try to identify those.

**Mr. Laughren:** Maybe I'm a little slow here but, surely, NIOSH in the States has a list of occupational diseases?

**Dr. May:** Yes.

**Mr. Laughren:** Have we determined which of those are appropriate for Ontario?

**Dr. May:** These are diseases which you can associate specifically with certain industries. These are our target industries that we will be going out to survey, to look for health defects and for those people with frank disease. This is what the health studies group has set up.

**Hon. B. Stephenson:** Is the member asking if there is a list of diseases caused only by occupation?

**Mr. Laughren:** No, I was thinking of industry-related diseases. A classic example is chronic bronchitis, or the different kinds of cancer.

**Hon. B. Stephenson:** Yes. Industry-related diseases are certainly listed in various places; at this point; in the compendium of disease nomenclature there are identifications of that sort, as well.

**Mr. Laughren:** If that's true then, could you put a number on the occupational disease cases in Ontario at a given point in time?

**Dr. May:** No.

**Hon. B. Stephenson:** No way.

**Mr. Haggerty:** Nothing is being catalogued at all—there is no list of occupational diseases that a person can refer to? The health and welfare department in the United States does have a catalogue of all industrial diseases and occupational diseases. I think that's what Mr. Laughren was talking about.

**Hon. B. Stephenson:** Right.

**Mr. Haggerty:** But we have no cataloguing here other than what is classified through a schedule at Workmen's Compensation Board.

**Hon. B. Stephenson:** No. No. It's not the schedule for Workmen's Compensation Board, at all.

**Mr. Haggerty:** Well, that's what it boils down to.

**Mr. Laughren:** You raised the point when you were speaking recently to the medical people in Kingston. You talked about identifying early stages of silicosis and cancer, and how difficult it is to catch that. If the doctor does see it, does he relate it to asbestosis or silicosis, or does he think of a bronchial problem? Until you get to that stage where the occupational diseases are properly catalogued and the bank set up, surely it makes it difficult for the medical profession to have any meaningful input into your preventive program. That's what's bothering me about this—the vagueness of the identification of occupational diseases.

**Dr. May:** Well, maybe we're talking at cross-purposes. Are you talking about the actual number of cases, or the types of diseases which could occur?

**Mr. Laughren:** Well, if you know what all the occupational diseases are—if you've identified the occupational diseases—the next step would be to determine how many you've got so that you can monitor any growth or any



statistics and move in on the industries, that kind of thing.

**Dr. May:** Well, we need to highlight those diseases and make every physician aware of the type of diseases that we're looking for. Then we will start getting some input from them. They'll begin to think, "What is this patient's occupation?" This is really the basis of the whole exercise. But as I say, it's part of the education training.

**Mr. Mackenzie:** Once again I'd like to interject. What is the ministry doing—as it collects this information and establishes this data bank—to provide some kind of record card worker-exposure card which a worker would carry with him from job to job? How, without a record card, is a doctor going to be able to take a look at a worker and find out quickly that he's worked at five or six plants where asbestos was a hazard over the last five, 10 or 15 years? How far along the road are we to some kind of monitoring or exposure record or card that the worker would take with him as he works in these various industries that may be hazardous?

**Dr. May:** This we anticipate being taken care of in the Act and the regulations which are going to be developed to support that Act.

**Mr. Laughren:** Well, it must be in the regulations because I sure couldn't find it in the way that Act is written. It's very permissive. I know what you're talking about in the Act but you sure read it differently than I.

**Mr. Mackenzie:** Would such a record be in any way retroactive? In other words, are we going to recognize past service in certain occupations?

**Dr. May:** This will be possible in certain instances where you know that the information is reliable. One of the problems is that very few companies have taken this sort of basic information. This might be available in many of the larger companies but certainly not in the smaller ones.

**Mr. Haggerty:** Well, that was question number 10. It would be encouraging if you kept track of the data bank.

**Dr. May:** We're going to sweep in as much as we possibly can from every area of activity.

**Mr. Laughren:** Yes, and you're establishing a centralized data bank?

**Dr. May:** That's right. We don't want it in all sorts of places, because we want to know the total picture.

**Hon. B. Stephenson:** So that we can watch trends.

**Mr. Laughren:** And will physicians plug into that automatically?

**Hon. B. Stephenson:** Whether it's automatic in the beginning or not is a moot point right at the moment. We would certainly be encouraging them to plug in, particularly the family physicians in the province of Ontario because they have more direct access and the kind of relationship with patients which would allow the acquisition of this material. We are at the moment getting, I think, very good co-operation from the occupational physicians' sector of the OMA who are attempting to push this.

**Mr. Laughren:** Have you scuttled the plans for an institute of occupational health?

**Hon. B. Stephenson:** In Ontario?

**Mr. Laughren:** Yes.

**Hon. B. Stephenson:** It is in abeyance because of the fact that the federal government wants to activate and develop a national occupational health institute for which we can see some real advantage, not only to Ontario, but to other provinces. So we would feed into that and extract from it as well.

**Mr. Laughren:** Do you realize what a bad name the Premier (Mr. Davis) gives all us politicians when he gives promises like that and then doesn't carry them through? I am grossly offended. That was a very specific promise, and people say that politicians make promises they can't keep.

**Hon. B. Stephenson:** The plans for developing it were afoot when Mr. Munro decided that it should be national. We were discussing it here and at the Ottawa level. It looks as though it would be more useful to workers in Canada if it is a national institute.

**Dr. May:** Information on deaths in the mining industry—which was your question 11—would come out when we discuss—

**Mr. Laughren:** No. That wasn't really a question. I'm talking about chemicals in the work place, the high hazard substances that have been identified—

**Hon. B. Stephenson:** The lowering of TLVs—that's one of the things.

**Mr. Laughren:** Yes. You might even think about setting standards. By the way—this is an aside—what is the final decision on the standards for asbestos and uranium? Have you decided on that?

**Hon. B. Stephenson:** The standard for asbestos which was been decided upon is two fibres per cubic centimetre; this will be under review. The ionizing radiation standard is that which is developed by the



federal authorities, with whom we must comply.

**Mr. Laughren:** In that statement—where you talked about standards versus guidelines—those are going to be standards?

**Hon. B. Stephenson:** Yes. There are seven immediate standards, which we have set. There are a number of other substances which are under review right at the moment. Silica is one of them, for example. Barillium is another.

**Mr. Lewis:** If the list expands at the rate of one substance per day, it would be very useful. You're not doing badly so far.

**Hon. B. Stephenson:** It will not expand at the rate of one substance per day.

**Mr. Lewis:** We'll see.

**Hon. B. Stephenson:** It may expand at the rate of several every two or three months; I don't know.

**Mr. Lewis:** We'll average them out for you.

**Hon. B. Stephenson:** That's very gracious of you. Thank you.

**Mr. Lewis:** Thank you very much. Pleased to help.

**Mr. Haggerty:** That's one in 10, Steve.

**Dr. May:** This was one of the reasons for locating this administrative support function in the program administration area, so that they have total access to all the data that's acquired, can process it and then arrange for it to be evaluated by the professionals in individual branches where there is specific expertise in those areas.

**Mr. Lewis:** Mr. Chairman, can I add a footnote to this area that Mr. Laughren is pursuing around the substances? I think one of the substances you named in the list of enforceable standards was benzene. Will that be applied to the petrochemical industry or will that be seen as a coke oven byproduct as well? Are you making a distinction between the coke oven byproducts and the petrochemical industry when you say benzene will be a standard?

**Dr. May:** No.

**Mr. Lewis:** I'm just curious, does that mean that the coke ovens will now be governed by enforceable standards?

[12:00]

**Dr. May:** The standards have to be enforceable, otherwise they cease to be standards. They are useless. It's not just a numbers game.

**Mr. Lewis:** Thank you very much. I'm delighted to hear that, sir. Then are you saying

that the coke ovens are to be governed by an enforceable standard?

**Dr. May:** If we can come up with an enforceable standard then that must be applied.

**Mr. Lewis:** I'm asking whether the benzene that is one of the substances which the minister yesterday named, is applicable to the byproducts of coke ovens which are linked to lung cancer? I'm asking a specific question of the branch because it seems to me—

**Mr. McCrodan:** Mr. Lewis, are you referring to benzene-soluble components of coke emissions, coke oven emissions?

**Mr. Lewis:** The benzopyrenes are, as I understand it the most likely carcinogenic agents for the causing of lung cancer from coke oven discharges.

**Mr. McCrodan:** Yes, but they are quite distinct from benzene.

**Mr. Lewis:** That's all I asked. I assumed that you experts would be able to tell me. So, in fact the identification of benzene as a substance does not then provide an enforceable standard for coke ovens?

**Mr. McCrodan:** Benzene is not one of the things that is produced in coke ovens.

**Mr. Lewis:** Okay. So, effectively at this point in time we still do not have an enforceable standard for coke ovens?

**Mr. McCrodan:** No.

**Mr. Laughren:** My last remark at this point would be that your whole program is not going to work effectively, in my opinion, unless you involve the workers more than you are now. I don't mean that in a simplistic kind of way. Those safety and health committees should have more responsibility and authority than the Act gives them, and until you change that, you are still saying to the workers, "You police or monitor your environment at our good grace." There are good examples of that, which I will bring up later.

But the safety and health committees still do not have the responsibility and authority they should have. As a matter of fact, you sure don't need to look beyond the mining industry to know the problems that your ministry has caused in having safety and health committees work effectively. I am very close to it because of being in the Sudbury area, but it's not fair what you have done under Bill 139 to safety and health committees in the unions in the mines.

**Hon. B. Stephenson:** What isn't fair?

**Mr. Laughren:** How many safety and health committees have you recognized at the big steelworkers' local in Sudbury?

**Hon. B. Stephenson:** Those which are there.

**Mr. Laughren:** How many safety reps have you recognized?

**Hon. B. Stephenson:** There are 193.

**Mr. Laughren:** Yes. And how many safety and health committees and how many safety reps did the workers ask for?

**Hon. B. Stephenson:** Well, there was a variation.

**Mr. Laughren:** There sure was. There was a big discrepancy in the number. You approved the number that were already there, despite the requests for many more safety and health committees and safety reps which could monitor that work place effectively. That is the exact point I am trying to make, that when they do try to make the program work by monitoring the work place, you don't allow them to. That is simply not fair and it is in violation of the spirit of that Act.

**Hon. B. Stephenson:** What do you mean, "don't allow them to"? They have every right—

**Mr. Laughren:** Then recognize the committees.

**Hon. B. Stephenson:** —to discuss it with the company and to establish increases in those discussions.

**Mr. Laughren:** Ah, the company won't even discuss it in a civilized way with them. When the workers apply for the safety and health committee recognition, that's why we were worried about the term "may" in the bill. Remember the debate on the bill when we said it should be "shall" and not "may"? And that is exactly why. Our worst fears were justified.

**Hon. B. Stephenson:** But the minister is required to take into account the number of factors in considering—

**Mr. Laughren:** That's the paternalistic approach.

**Hon. B. Stephenson:** It is not a paternalistic approach.

**Mr. Laughren:** It is. In your infinite wisdom you have decided.

**Hon. B. Stephenson:** And you can't call me paternalistic, I'd like you to know.

**Mr. Laughren:** Maternalistic.

**Hon. B. Stephenson:** Thank you.

**Mr. Laughren:** I take it back.

**Mr. Duksza:** But the attitude is paternalistic nevertheless.

**Hon. B. Stephenson:** I have never had a paternalistic attitude in my life.

**Mr. Laughren:** Why do you deny them that, then? Why do you say that we've decided denial?

**Hon. B. Stephenson:** It is not a denial.

**Mr. Laughren:** It is.

**Hon. B. Stephenson:** It is an encouragement to go on to develop it in a co-operative manner, so that, indeed, they won't be in conflict with what has been established under the collective agreement.

**Mr. Laughren:** And if the company says, "No, we don't want that many safety health committees," you say, "Fine, you can't have them." That's exactly what happens.

**Mr. Mackenzie:** It's one-sided very often in the co-operation. They have no veto power.

**Mr. Laughren:** I don't know how more committees can't be more effective. Each committee would then be responsible for a smaller part of the work place. It would be more efficient.

**Hon. B. Stephenson:** If we're talking about just more committees, having worked with all kinds of committees all of my life, I'm not really sure that more committees can be more effective.

**Mr. Laughren:** It's not that kind of committee.

**Hon. B. Stephenson:** There are some problems which are inherent in that situation which must be recognized.

**Mr. Laughren:** Yes, and I know what they are and you know what they are—the company resistance. That's the only ingredient.

**Hon. B. Stephenson:** My real concern was the conflict which would be introduced. How on earth could you have what was established under the collective agreement functioning in one way, and something established in another kind of mechanism functioning another way? There would be conflict and that's what we don't want. We want to have co-operation.

**Mr. Laughren:** You've interpreted both the collective bargaining agreement and what would happen if those new committees were to be formed, as it turns out, in the way that satisfies the company.

**Hon. B. Stephenson:** I'm not sure that it satisfies the company in the development of the—

**Mr. Laughren:** They're the ones who resisted the appointment of the committees.

I think there's a real contradiction in what you're saying. That's what I'm trying to say to you that you make all sorts of contradictions. You say that you're going to go into this program. You admit you can't hire enough inspectors. You admit there are not enough trained people in the province. Then, when you've got people who are willing to do the job for you, on the job, the people most affected, you pull the rug out from under them.

Hon. B. Stephenson: No, the rug was not pulled from under them.

Mr. Laughren: It sure was, and that's why we were worried about that section of the bill. The new bill doesn't change that. You're doing a disservice to the whole idea of preventive occupational health. That's where your contradictions are.

Hon. B. Stephenson: The dual responsibility role is one which was recommended by Ham and it is one which we have accepted.

Mr. Laughren: Then let them do it.

Hon. B. Stephenson: That's precisely what we're doing—letting them do it.

Mr. Laughren: No. Recognize the committees then. All they're doing to you is saying, "We want these committees in the work place." And you're saying, "No, you can't." What kind of co-operation is that? You're not even turning the potential for monitoring loose out there.

Hon. B. Stephenson: I think it's loose out there. It just needs to be channelled, that's all.

Mr. Laughren: Let them do it. You channel it through committees, right? That's the whole purpose of the Act. Then you don't allow that.

Hon. B. Stephenson: The program has been established on the basis of negotiation between the employer and the union in that instance, and they have developed a program which has been reasonably effective.

Mr. Laughren: But it could be more effective under the Act.

Hon. B. Stephenson: But it could be more effective, and there are some ways in which we intend to make it more effective, as I explained in the letter.

Mr. Laughren: I guess we could argue forever about it, but really, I think it's serious what you've done there in not recognizing those committees, because you've jettisoned the whole concept of worker monitoring of the work place. It doesn't serve your own best interests, either.

Hon. B. Stephenson: That is not true. No, that is not true.

Mr. Laughren: How could fewer committees be better than more committees in monitoring the work place?

Hon. B. Stephenson: No one has decreased the number of committees. The number of committees remains the same and has the potential to grow larger.

Mr. Laughren: If you recognize them. Right?

Hon. B. Stephenson: They already recognized them under the agreement.

Mr. Laughren: The increased number was not recognized. You said that there is a potential for more committees. Right?

Hon. B. Stephenson: Yes.

Mr. Laughren: Well, there isn't a potential if you don't recognize them legally.

Hon. B. Stephenson: I disagree with you. I think that you are suggesting that there is only one route to achieving what we hope to achieve.

Mr. Laughren: What's the other route?

Hon. B. Stephenson: It certainly doesn't have to be legislated in order to achieve it.

Mr. Laughren: What is it, when you've got the companies, through the collective bargaining agreement—there are so many committees in the work place—the workers look at the bill and say, "Here's an opportunity for us to monitor the work place even better," and you have the authority under the bill to recognize those safety and health committees when they apply for recognition?

Hon. B. Stephenson: If they meet all of the criteria, yes. If the problems meet all of the criteria.

Mr. Laughren: That's where the paternal-maternal question comes into it, because you've decided that, despite the criteria which are acceptable in the existing committees, it's not acceptable for the formation of new committees. That's wrong, it's simply wrong.

Hon. B. Stephenson: I don't think it's wrong.

Mr. Laughren: It goes against the spirit of the bill.

Hon. B. Stephenson: It doesn't go against the spirit of the bill. We'll argue this later.

Mr. Laughren: Okay, we'll argue it later.

Mr. Haggerty: I think Mr. Laughren's covered pretty well the area that I wanted to be involved in. I want to express my gratitude for the minister's finally bringing in an occupational health bill. I think it's been long overdue. If I can recall, I think in the year



1967-68, the member for Sudbury (Mr. Martel), and I were among those who were plugging away here, going after the Minister of Health and the Minister of Labour to bring in an occupational health bill. Finally, we're moving in that direction.

I'm concerned, too, on a number of questions. In my discussions with Dr. Mastro-matteo of the Ministry of Health in the occupational health sector there, his problem was at the time that there weren't enough experts in his ministry or in his field related to occupational health. He didn't have the people there to do the research, to go out into the field, to visit industry, to look at the problems related to occupational health. He thought that was one area in which the government didn't provide sufficient funds.

I hope the \$4 million or \$5 million that you allocated in your estimates this year are going to cover that area, that we're going to have input into the occupational health sector in all industries in Ontario. I would like to see a complete cataloging of all the potential chemical hazards and other hazards that are related to occupational health. Workers should be informed in that area of the potential health hazards involved in particular, related to their employment. I think this is an area in which these people, the workers, should be well informed of that hazard. Perhaps many wouldn't be working in that area, or have another opportunity to move about in the industry to some other, perhaps better, area, related to environmental health for them.

I've suggested a complete cataloging of that. We should have a complete cataloging of all the chemicals that are there. I think this is a great area that requires research. I'm afraid I feel we haven't done much research in the area of occupational health in Ontario. There are areas in the United States that they've covered through research for which they have the cataloging of all the potential hazards. That again requires additional research there, too. In Ontario we've lacked that over the years, and as Mr. Laughren said, there are about 9,000 or so new chemicals coming on stream every year that persons are going to be involved with. I suggest you're going to have to have more money spent in research, and I see nothing in the occupational health and safety program here that relates to research. Have you anything there at all that relates to research?

**Hon. B. Stephenson:** Yes, we have.

**Dr. May:** There are two areas in which this is being done. There's the special studies and services group, which was formerly part of

the occupational health and protection branch, which had originally 38 people. Now it has 55, most of them professionals. They are doing studies on groups within industry.

The other part of the research is being done through the application of the lottery funds for which we have to date something like 40 applications, proposals relating to research in occupational health and safety.

**Mr. Haggerty:** So we have to go to the lottery funds to finance the research done. It's a game of chance again, isn't it? It just seems ridiculous, doesn't it, that we have to go to a lottery fund to provide research in the field of occupational health?

It shows the neglect of the government over the years that they had no interest in occupational health and what it caused, the death and agony of the working men and women in the province of Ontario. Now we have to put all our resources into a lottery fund and say, "Finally, we've got money for it." Isn't that shameful, in a sense?

[12:15]

**Hon. B. Stephenson:** I suppose it depends on your point of view. If the money is available through that source, then I think we should use it effectively. That's precisely what it is we're trying to do.

**Mr. Haggerty:** But don't you think industry has some responsibility to provide funds in this area?

**Hon. B. Stephenson:** Yes.

**Mr. Haggerty:** And research?

**Hon. B. Stephenson:** Yes.

**Mr. Haggerty:** That's right.

**Hon. B. Stephenson:** Are you suggesting that the government should enact a law which says that industry has to provide certain amounts of funds?

**Mr. Duszta:** Yes, that's not a bad idea at all, as a matter of fact. Sounds like a horror to you, doesn't it?

**Mr. Haggerty:** I'm suggesting that you could have done something over the past 25 or 30 years, that funds could have been made available through some tax concessions by industry instead of going to a lottery to provide research funds.

**Mr. Bounsall:** An increased levy on the WCB.

**Mr. Haggerty:** That's right. We have to do it through some other area, but—

**Mr. Lewis:** Can you answer Mr. Haggerty's question about the 55 people doing research work on groups? Could you explain that a little bit more? What did you mean? What is the research in?

**Hon. B. Stephenson:** Special studies branch.

**Dr. May:** Yes. You'll see that there is a group labelled "occupational health and safety technology" which was originally the occupational health protection branch in the Ministry of Health. That was divided into two units, one which does occupational health in terms of services, surveys out in industry, supports the field activity in consultations and assists with inspections and so on; the other group is devoted to studies of groups of workers, studies related to individual hazards and so on.

**Dr. Fitch:** Our group isn't nearly as large as we would like it to be. We have more people now than we had before but the branch that I'm heading now, which is called the special studies and services branch, is a mixture of services, mostly in the radiation field, and our complement of 58 people does now include the people who are working in our radiation laboratory. A good deal of their work is fairly routine, but at the same time they are trying to develop new instrumentation and new methods of monitoring, particularly of people who are exposed in uranium mines.

The other major part of our group consists of about 15 people of whom we're supposed to have eight physicians, but we have only five. We've been trying for six months now to increase the staff. It is devoted to studies of the long-term effects of exposure to some of the most hazardous things, and this includes silica, asbestos, uranium mine exposure; and we've been looking at vinyl chloride recently. Those are the major topics. We're trying to get large nominal rolls of all the people who've ever been exposed in those industries. The biggest one we have involves 15,000 people who have had any exposure to uranium at all. This study has been going on now for a couple of years, but we hope to improve it as time goes on.

It's going to be a very long-term thing. Mr. Laughren mentioned the importance of trying to find out what people have been exposed to, and that's extremely difficult because in the past there have been very imperfect records of what people were exposed to. We might know that a person worked in a certain industry but we might not know whether he had a specific exposure or not. That, hopefully, one of the subjects that the new Act is going to deal with. It's going to require that records be kept about people's exposures and treatment.

What we're doing now with uranium miners is going back and guessing, really, that at a certain period in history at a certain

mine a man was exposed to such and such level of radiation. Since 1968, that's been a little more precise. There's been more regular monitoring. It's still insufficient, but the problem of techniques exists, really. We've found that by going around and periodically taking samples at different points in the mine that you get such a tremendous variation in readings of the radon levels that there's a lot of very complicated mathematics and, maybe, a little bit of guess work—usually referred to as assumptions—in trying to put together what the real exposures were.

The big effort now is being devoted to trying to develop continuous monitoring equipment—neither the monitoring location nor the individual person's exposure can be kept over a long period of time—and then we can say exactly what a person has been exposed to.

Our radiation people—the health physics group, is devoting as much energy as it can to that and, again, trying to accumulate information that comes in from other sources, particularly the Atomic Energy Control Board with whom they work very closely.

I think it's obvious that our main source of new information has to come from the literature. We're a small group of people and we can't do very much. We have good library facilities and we have computer linkage with the main sources of information, particularly from Washington. We have on-line information about all new developments and any information that comes out about new toxic substances and the people working in our library service actually screen this material day by day as it comes in, and they feed it to each individual person who's most concerned with the particular kind of chemical substance. That's about as much as we're able to do at present.

**Mr. Haggerty:** I just wanted to know what amount of money is going to be spent in this particular area. How much are we getting from the lottery?

**Hon. B. Stephenson:** This has nothing to do with the lottery. This is within the funding of the Ministry of Labour.

**Mr. Haggerty:** I thought you said that there are additional funds from the lottery.

**Hon. B. Stephenson:** No. That is the in-house research which is carried on by the special studies branch within the ministry.

The other research which will be done under the basis of lottery funding will be outside the ministry completely. There are two components: One is the increase in support for educational programs at all levels in occupational health and safety and the other



is in specific research projects, either in the areas of clinical disease or prevention methods.

Peer review groups for those two kinds of research are established. They have been meeting and I anticipate that we will have their selection by the end of October or the first of November, and the allocation of this funding will then be announced.

**Mr. Haggerty:** You will still be responsible for this?

**Hon. B. Stephenson:** Yes.

**Mr. Haggerty:** You can't tell me how much funding is going to be available for this. You must have some idea.

**Hon. B. Stephenson:** Yes.

**Mr. Haggerty:** Are you getting \$2 million to \$3 million?

**Hon. B. Stephenson:** \$2.5 million is the overall allocation—over the next year, I think it is.

**Mr. Haggerty:** Is that sufficient? Listening to the comments here this morning, it seems as if we need an expanded area in research. I was just wondering if this is going to be sufficient.

**Hon. B. Stephenson:** It will probably be sufficient for this period of time. The problem of the inadequate supply of trained individuals concerned with that specific area is one which we face in the research area as well, and the high priority studies which need to be done will be done as rapidly as they can be done on the basis of the manpower that's available.

**Mr. Haggerty:** In other words, what you're telling me is that this is a good area for job enrichment.

**Hon. B. Stephenson:** It's a good idea for potential career choice.

**Mr. Haggerty:** Are the universities aware of such a program?

**Hon. B. Stephenson:** Oh my gosh, yes. We're inundated. These are the applications? imply for training and education, there are 5 proposals for training at various levels of educational institutions. These are now being edited by the peer review group which has been set up to examine this.

**Mr. Haggerty:** Will there be any technical equipment made available through, say, this research funding from a lottery, such as monitoring devices that could be given to the safety committees in industry in Ontario, that the involvement of the workers can have some input into it to assist this?

**Hon. B. Stephenson:** As Dr. Fitch suggested, one of the major areas of activity of

their group right at the moment is the process of developing individual monitoring devices and other kinds of monitoring devices as well.

**Mr. Haggerty:** If I can recall, that was one of the difficulties with the Ministry of the Environment. The cost of these monitors to put in places and communities in Ontario was pretty steep, I guess, to put in four or five monitors throughout the different communities in Ontario. If you've got the funding from the lottery there, then I suggest there should be sufficient funds there to purchase these monitors.

**Hon. B. Stephenson:** Not at this time there aren't, because there are so many other areas that we must move on down the road.

**Mr. Haggerty:** Surely this should be given top priority, this matter of research in occupational health.

**Hon. B. Stephenson:** That's the only priority for those funds.

**Mr. Haggerty:** You're a member of the cabinet—that can be twisted around. Twist some of the arms over there to get more money spent on it. I'm sure you have millions of dollars in the lotteries that could be put to good use, particularly in the research for occupational health.

**Hon. B. Stephenson:** If you're talking about Wintario, we do not participate in the dispensing of those funds at all, as you know.

**Mr. Haggerty:** No.

**Hon. B. Stephenson:** But if you're talking about the Provincial, they're divided in three ways; to Health, Environment and the Ministry of Labour for occupational health and occupational safety.

**Mr. Haggerty:** That particular area covers the three, doesn't it; Health, Environment and occupational health?

**Hon. B. Stephenson:** The ministry of Health has certain allocations.

**Mr. Haggerty:** It covers the areas very well for the employees of industry.

**Hon. B. Stephenson:** The Ministry of the Environment has certain allocations and we have certain allocations.

**Mr. Haggerty:** Well, that's all I have at this time, Mr. Chairman. I think I'll deal more with the bill when we have second reading in the House.

**Mr. Laughren:** Dr. Fitch had said something about being plugged into the computers in Washington, was it? Did you consider taking the step—I think they do it in the UK—of having a requirement that all new chemical substances introduced into the



work place have to be approved before introduction rather than our trying to catch them after the fact, as it appears that we're doing in Ontario? I don't care who answers this.

**Dr. May:** This comes in in part of the pre-development review of plans and it's also a requirement, or it will be a requirement under the regulations, that these must be registered so that we know what's being used, who's using it, how much, how it's disposed of.

**Mr. Laughren:** They'd have to do it before they introduce the agent into the work place.

**Mr. Lewis:** They just register it. You cannot attest to its consequences, the chemical substance or the potential of the toxic substance. You will know of its existence, but not of its effects.

**Dr. May:** If it's something we already have information about, then they will be required, because of the pre-development review process, to put in the necessary protective, preventive or substitutive measures to engineer it out of the occupational environment. That's the whole purpose of the pre-development review.

**Mr. Lewis:** But we're not in a position to test it ourselves. We won't be engaged in that within the branch or within the bill.

**Dr. May:** To test individual material?

**Mr. Lewis:** Yes.

**Dr. May:** We will have some capacity for that, yes. We're planning on increasing that through our laboratory facilities.

**Mr. Lewis:** Right.

**Dr. May:** Predictive testing on carcinogenic materials and so on.

**Mr. Lewis:** Is there any fuller information on all that? Have you any particular schema for it?

**Dr. May:** Not in detail, no. We know this is an area we have to get into because there is so little of it being done. There's a need for new and more precise predictive test methods. There are very few which are reliable at the moment.

**Mr. Lewis:** May I ask in the minute that's left just again, to follow up from what Dr. Fitch said: The special services branch—is

this the group which makes the recommendations to you about how the TLVs are set for the standards and the guidelines?

**Dr. May:** It's part of the group.

**Hon. B. Stephenson:** It's not the whole group.

**Dr. May:** The whole division does this. There is participation. It's a multi-disciplinary exercise and everybody has something to contribute, so they're all brought together to do this.

**Mr. Lewis:** What have you set vinyl chloride at?

**Dr. Fitch:** It's at 10 parts per million.

**Mr. Lewis:** Maybe when we come back this afternoon you can explain to me, since you're plugged into Washington and you know what the standards are in the United States, why you are allowing a level 10 times above that of the United States—since you are a knowledgeable, interdisciplinary special service group?

**Dr. Fitch:** We're not necessarily always adopting the recommendations—

**Mr. Lewis:** I'd be very pleased to know why they—working within one part per million, and that is now confirmed at the vinyl chloride plants across the United States—why they are able to do that; and what expertise have you brought to bear to say that the Ontario standard can be 10 times higher? Because of your research facility I'd be interested to know how you arrived at that. Maybe we can pick up from there after.

**Dr. Fitch:** We arrived at it three or four years ago. We dropped it to 10 parts per million before it was dropped in the United States.

**Mr. Lewis:** I understand.

**Dr. Fitch:** All I've said is that that's what our standard is at the moment. That doesn't mean it won't change.

**Hon. B. Stephenson:** No, that doesn't mean it's going to stay there.

**Mr. Chairman:** Thank you very much. We will adjourn until 11 o'clock tomorrow morning, at which time we have on our list Mr. Hennessy, Mr. Mackenzie and Mr. McClellan.

The committee adjourned at 12:35 p.m.

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# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Labour



**First Session, 31st Parliament**

Monday, October 24, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.



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## LEGISLATURE OF ONTARIO

MONDAY, OCTOBER 24, 1977

The committee met at 3:45 p.m.

ESTIMATES, MINISTRY OF LABOUR  
(continued)

On vote 2304, occupational health and safety programs; item 1, program administration:

**Mr. Chairman:** Before we go ahead with the debate, we'll call on the minister to answer some questions that were asked by Mr. Laughren last Thursday, October 20. I'll ask the minister to respond to those questions.

**Hon. B. Stephenson:** Mr. Chairman, Mr. Laughren had a list of, I think 10 or 11 questions which he placed before us, and although some rather general answers were provided for him it became increasingly obvious that there was a great deal of misconception and misapprehension about the reorganization of the ministry in this division in order to meet the requirements which are established for it under the proposed Act.

I thought that it might be useful today if the members of staff of the occupational health and occupational safety division were permitted a brief opportunity to tell about the reorganization, the specific responsibilities which they have and the roles which they are and will be fulfilling in this area.

**Dr. May:** And then go on to the specific questions?

**Hon. B. Stephenson:** If you'd like to. Do you have the questions listed?

**Dr. May:** Yes.

**Hon. B. Stephenson:** I would remind you that they were perspective record keeping, percentages of work places inspected—a number of things—scheduling, right down to the data bank of worker exposure.

**Dr. May:** One of the questions was how many cases of occupational disease are there in the province. The information we have on that comes from the Workmen's Compensation Board allowed claims. The latest information for 1976 is that there were 6,310 allowed claims. These covered skin disease, 1,245; exposure to fumes—this is carbon monoxide to chlorine—1,478; a number of cases of noise-induced hearing loss, 1,454; ultra-violet effects on the eye or welder's flash, 900; tonsynovitis, 700; silicosis, 60; heart cases, 39; asbestosis, 29; lead, 16; and

the number of malignancies, 38. Those are the only identifiable ones on the basis of claims paid during 1976.

Mr. Laughren also asked how we determined what were occupational diseases. There have been some systems in force in the occupational health protection branch. They did publish a list of these in 1948, and a subsequent small manual in 1970, itemizing the type of occupational diseases which one might expect in association with industries currently in Ontario.

We also use as a reference point those diseases listed in relation to processes in various industries in the ILO encyclopaedia of occupational health and safety, which gives a quite extensive writeup on each and every one. We also take advantage of a number of other well-known publications, reference manuals and so on, which give these in some detail, and which specifically relate these to industries and also give some of the other health effects which are associated with processes, working conditions and so on.

The occupational diseases themselves in terms of Ontario are currently determined by schedule 3 of the Workmen's Compensation Act, which gives a list of scheduled diseases. It's on the basis of these that compensation claims are allowed.

In addition, there is a clause at the end of it which can allow other conditions which can be shown to be related to occupations included, that is above and beyond those enumerated in the schedule.

**Hon. B. Stephenson:** The identification of occupational diseases, don't we have a program for that?

**Dr. May:** We have a program, the sputum cytology program, on which I think Dr. Fitch is talking about, a proposal for a new laboratory in co-operation with the University of Toronto to extend it and develop tests for earlier identification of health effects which may in turn lead to occupational disease.

There is in addition to that the chest x-ray program which carries out chest x-rays, pulmonary function tests, with those people exposed to various dust hazards.

**Hon. B. Stephenson:** And there is the publication of a new manual for physicians in order to alert them.

**Dr. May:** Yes, it's been planned that we will try to produce a small manual, for

physicians generally throughout the province to give them some idea of the earlier signs of occupational disease, to give them some adequate basis on which to consider the effects of occupations and try to anticipate some of these problems.

The second question was how is the division going to measure its rate of success. This, of course, is related first of all to a short-term program and secondly to a longer term one. This requires the acquisition of a considerable amount of data, the capacity for which hasn't previously existed. This is now being channelled through one particular branch of the division and this data, and it's accumulated, will be constantly evaluated in anticipation of finding new trends, new problems arising in specific industrial groups or occupational groups, and monitoring the whole exercise, the rest of the program.

The third question was the percentage of work places in the province which are being inspected, and what percentage of those are at the request of labour groups. I think it's better if each of the branches answer this, because they have different experiences in relation to those individual branches.

**Hon. B. Stephenson:** This is Mr. McNair, of the industrial health and safety division.

**Mr. McNair:** We have on file some 66,954 establishments. These are inspected in a variety of cycles. The cycles are from three months to 36 months, and sometimes on indefinite cycles. All of these 66,000 plus places are inspected at some time, as I say in various schedules.

**Hon. B. Stephenson:** What percentage of the industrial establishments in Ontario does that cover?

**Mr. McNair:** These are all the ones we are aware of.

**Hon. B. Stephenson:** All the industrial sites which are registered? Fine. Do you know what percentage of those are requested by the unions, or are they all on the cyclical basis?

**Mr. McNair:** Oh, no; each year we get some requests from the unions, and in the last year there were 164 requests from unions for inspection.

**Hon. B. Stephenson:** One hundred and sixty-four. So it's a relatively small percentage of the total of inspections?

**Mr. McNair:** Right.

**Mr. Armstrong:** Are all the requests from unions met?

**Mr. McNair:** They're acknowledged. There used to be an agreement with the Ontario Federation of Labour regarding this, and that was how it came about. They came in by

letter and their requests were met in this way.

**Hon. B. Stephenson:** Can we have that information for the construction safety branch?

**Mr. Cleverdon:** I think I must explain first of all, very briefly the coverage and scope of the Construction Safety Act. It applies to every project under construction in Ontario; and both terms are defined, project and construction. Something as simple as changing a light switch, for example, is a project under construction. You can inspect something as simple as that.

Under the Act, projects over certain size or dollar value, or work force or degree of risk, require a notice to be filed with the director before they commence. Those are all laid down by criteria in section 5 of the regulations. In a typical year there are about 10,000 projects on which we are notified, with a value of about \$10 billion. All those are inspected, where possible.

In a check made last week, on this very point, I found that of the 15 inspection teams eight of them are inspecting 100 per cent of those projects; the balance are doing 95 per cent. The ones that are being missed are large in dollar value but very short in duration, like silos; or are inaccessible and difficult to get to. When we do arrive we find the job has been completed.

We are making 5,500 inspections per month, 65,000 per year. Of all that were made in the past 12 months, 1.7 per cent resulted from a complaint by somebody, but I can't break it down by union or non-union, that is not reported all the time. But about 1,000 inspections are complaint-initiated. All complaints are investigated immediately, the same day if at all possible; if not the day after or two days later, but normally the same day.

**Hon. B. Stephenson:** Mr. McCrodan, what about mines?

**Mr. McCrodan:** As much as we possibly can we try to cover each mine fully, from top to bottom, once a year; That has been our target to this point in 107 mines. That means we get 99 per cent of our mining coverage, because it is a moving target; working places change, the active ones change.

In the pits it is about 20 per cent. As far as the percentage of inspections made at the request of unions, I tallied that up and it is around 22 per cent this year.

**Hon. B. Stephenson:** Of the total number?

**Mr. McCrodan:** Of the total number. The routine inspections, going on to your next



question, take about 55 per cent of our time. We schedule those.

**Hon. B. Stephenson:** How?

**Mr. McCrodan:** By giving each one of the engineers a specific mine to cover from top to bottom. They may have 10 mines. I have examples of their schedules. Roughly they have 10 or 12 mines to go through and check. About 23 per cent of our inspections beyond that are follow-up; the other 22 per cent are investigations in response to complaints, errors and omissions.

**Mr. Mackenzie:** How many inspectors do we have in the mines group now?

**Mr. McCrodan:** Up until about the middle of this year we had about 33, including myself. Now we are up to around 63. The target is changing a little bit, we are headed for 92, all ranks. That includes the clerical, but there will be 73 inspectors. We will go from 33 inspectors to 73, including myself.

**Mr. Bounsall:** Is that to deal with the increase of inspections that come to you under Bill 139? Or to put it another way; we anticipated an increase in inspections being requested because of Bill 139, has that occurred?

**Mr. McCrodan:** It is not more onerous than it used to be, as a matter of fact it may be even less. We have only had six actual complaints this year under Bill 139. Five of those were found to be correct.

**Mr. Armstrong:** To respond to Mr. Bounsall's question, the increase in the inspectors is in part at least, a result of the Ham commission recommendations that inspections should be increased.

**Mr. McCrodan:** It is all oriented towards that. Our work force is made up of—

**Mr. Bounsall:** You are 33, aiming for 73? How far along are you on that?

**Mr. McCrodan:** We have 10 to get. The ads are out now.

[4:00]

**Hon. B. Stephenson:** Do you want further information about the scheduling of the inspections on industrial and construction safety? That was one of the questions which Mr. Laughren raised. The scheduling has not changed as far as construction safety and health are concerned.

**Mr. Cleverdon:** I think I had better explain that, if I may. The target for construction inspection is every three weeks, it is as frequent as once per week and as long between as once in eight weeks. But the target is still three; we are keeping on that target. Tunnelling is done weekly, for example, and some compressed air tunnelling twice a week.

Also, we do follow up every serious contravention the following day or a day or two later; or even stay there until it has been corrected, they are not left at all. Things like missing guard rails and unshored trenches are checked up the same day or the following day. The work is normally ordered stopped until it has been corrected.

**Mr. Bounsall:** Have you had staff increases, Mr. Cleverdon?

**Mr. Cleverdon:** There has been no substantial change beyond the extra allowed this year because of the Ham recommendations and also because of the potential impact of Bill 139 upon us. We have 119 complement—112 are inspectors under the Act. There are 89 officers, 15 supervisors, seven engineers and the director.

**Mr. Bounsall:** And that compares with what, as of a year ago?

**Mr. Cleverdon:** We were a bit lower a year ago.

**Mr. Bounsall:** A bit lower?

**Mr. Cleverdon:** A bit lower. We began back in 1973 with 131 total, of which nine were clerical for local offices. There were 122, there are 119 now. I should explain that part of the function—some of the staff support work—was transferred to Mr. Ogilvie's branch about two years ago.

**Mr. Bounsall:** Whose branch was it?

**Mr. Cleverdon:** Standards and programs, some of the training work went there.

**Hon. B. Stephenson:** It has been carried out within the staff branch rather than by the construction safety branch itself or a division of the branch.

**Mr. Armstrong:** But in real terms the increase in construction safety has been nine.

**Mr. Cleverdon:** That is right. There is also an upturn in the productivity of the inspectorate. They are making about 10 per cent more inspections per man than they were a year ago.

**Mr. Bounsall:** How is that?

**Mr. Cleverdon:** I think it is because of increased compliance with the legislation. I might comment briefly there. We had to write orders on about 70 per cent of all the inspections in the first year. We are now down to 30 per cent. So more and more we are finding self-compliance before we even get there.

**Mr. Bounsall:** While we have Mr. Cleverdon here, one area that I was interested in was the program of summer students which you had a year ago last summer. This allowed you to catch up on the backlog, some of the smaller cases that you did not get to. It was not described as one of the summer

programs for this past summer. Did you, in fact, have some summer student inspections under the Experience '77 program?

**Mr. Cleverdon:** Only clerical people, not in the field.

**Mr. Bounsall:** Did you feel that limited you in the number of inspections you would have liked to have made relative to the statements on the program previously, which you said allowed you to get into some areas you had never really gone to, the small jobs?

**Mr. Cleverdon:** I had better attempt to explain this, if I may. In 1974 we were offered Experience '74 funds of roughly \$115 per person per week and that brought in about 25 summer students. We felt, however, we were not competing fairly with other ministries. MTC was paying a great deal more than that for the same kind of student. So the following year, in 1975, we asked for funds in our regular budget, not the Experience '75 budget, and matched the MTC salary scale for second and third-year engineering students in civil engineering, and got the pick of the crop pretty well that year. There were 20 in the program that year. But those funds were not available to us in 1976 or in 1977.

**Hon. B. Stephenson:** What Mr. Bounsall is asking is did it in any way impede the program of inspection not to have those students, particularly in the smaller construction projects.

**Mr. Cleverdon:** I think the student program should have been held again last summer. I think the fact we did not have them did cut down on our activity. They don't do a great deal for us, they get a great deal for themselves out of the whole program, but they do see people we don't ordinarily see very often. The house builders, those working in small sewer connections and small road jobs and so on.

**Mr. Bounsall:** And generally it at least helps to give the impression that you are doing something in an area where heretofore you haven't been seen; or not seen very often.

**Mr. Cleverdon:** Not seen enough is a better way of putting it, yes.

**Mr. Mackenzie:** The increase in inspectors from 33 to your current figure of 63, where do they all come from?

**Hon. B. Stephenson:** That is in mining. That is in the mines health and safety branch. Can you answer that, Pete?

**Mr. McCrodan:** About 30 of them have come from the practical ranks, and the balance are engineers.

**Mr. Mackenzie:** You're talking about 30 out of a total of 63?

**Mr. McCrodan:** Yes, they have come from those areas. Part of that group consists of technicians who've had ventilation backgrounds, know about air sampling technique or have had courses or practice or both in those matters.

**Mr. Mackenzie:** How many would have actually come out of the bargaining units?

**Mr. McCrodan:** I'd say about 30 of them, all 30 of them.

**Hon. B. Stephenson:** That is half. Do you have any specific remarks you want to make about the scheduling of industrial safety and health inspections?

**Mr. McNair:** We have the most complicated one; we have these inspections done on a cyclical basis. The cycle was established on the basis of three pieces of information. The accident record of the company, that's the first one; the second is their record for compliance with the requirements of the legislation as directed by the directives that have been issued; and the third is the inspector's evaluation of the attitude of the company. That's what helps to establish the cycle on which the cyclical inspections are carried out.

With regard to follow-up inspections, we have a three-stage system there. The first one is what we call our system follow-up. When directives are issued, there is a follow-up letter sent to the company one month after the directive has been issued asking them what progress they are making. If no reply is received then a subsequent inspection form 3 is issued to the inspector to remind him that these are, in fact, outstanding.

The second part of our follow-up system is the manual follow-up by the inspector himself—the person who has originally issued the direction. He might think that a reply should be back by a certain date and that the first part of the system has not taken care of it.

The third part is the one which develops from Bill 139, which you might call the on-site follow up. This is done by the people who are actually in the plant, since these directions are all posted in the plant under Bill 139, the Employees' Health and Safety Act.

As you know, these are in two parts. The first part involves some 8,700 premises employing 631,000-odd employees, where about 50,000 form 7s originate; and the second part involves the balance of 66,000 premises employing 1.25 million, where 79,000 form 7s originate. The first part, of course, is



those premises which are unionized, the other ones are not. So that's the total follow-up system that operates at the present time.

**Hon. B. Stephenson:** One of the other questions that Mr. Laughren asked was, How does the division know where high hazard chemicals are located in industry and what's being done to identify these specific issues."

**Dr. May:** There is a system with some data already available on a kind of index system, which has mainly come back as a result of the former occupational health protection branch inspections which have been carried out since about the early twenties. This is a constant updating system, supplemented by information brought about by inspections, surveys, requests and consultations. This we plan to supplement by a toxic substances questionnaire which is to go out to industries; first of all, for them to provide some input, and secondly to be taken out by the inspection force, the men in the industrial branch who go out doing their regular inspections. They are now taking over functions that are not solely safety but health as well; and as a result of these follow-up inspections or routine or scheduled inspections, they'll again be checking on this same questionnaire to see if there are any modifications, additions or deletions and bringing this back so that there is the beginnings of a data bank on toxic substances. This is also an initiative in Bill 70, section 15, which requires employers to maintain records of toxic substances used. We also use information acquired from other agencies; we are coupled to "MEDLINE" and "TOX-LINE", so we have input from other systems within other provinces; and there is a constant updating of this basic system.

We also get a fair amount of information out of predevelopment reviews, that is reviews of plans for new workings. This is not entirely related just to the structural plans, to the type of plant that is being built, but also to the processes that are going to be run, the numbers of people involved, the materials, the products, the by-products, the waste and so on, which results from those processes.

**Mr. Bounsall:** Just a couple of questions on that. This is all very much in the "We're about to do it" stage from the sound of it. The toxic substance list, for example, I gather from your remarks that you are just about to make the surveys.

**Dr. May:** Well there have been surveys being carried on for many years, this is to supplement what we already have.

**Mr. Bounsall:** In other words, there are areas which you haven't got covered, obviously, or you wouldn't need the supplement.

**Dr. May:** No; but then there haven't been the people available. We have only been able to acquire these people since April of this year.

**Mr. Bounsall:** Having gotten the people now, you're on your way to getting a complete list of toxic substances that are used. Is it a requirement now, along with this increased survey, that the companies let you know about every new substance they have. Will you have sufficient staff to check that companies are doing this? Another point is how often will you be resurveying? How often will these surveys on toxic substances go out?

**Dr. May:** The survey will go out as one initial survey.

**Mr. Bounsall:** How often?

**Dr. May:** This will be followed up as each inspector from the industrial health and safety branch goes back into a plant. He can recheck the information he already has in relation to the card he holds for that particular location.

**Mr. Bounsall:** So each time he goes in on his regular check, he'll be asking whether there are any additions whatsoever? Of whom does he ask this when he goes?

**Dr. May:** He will have a prime contact in each plant. It may be the safety officer. If there's a plant with a physician, he may go to the medical department to talk to the physician; whoever is the most appropriate person, whoever has charge of the particular processes and materials he is interested in.

**Mr. Bounsall:** Including the health and safety committee, if such exists.

**Dr. May:** Yes, he could do that.

**Hon. B. Stephenson:** He can ask the workers, because as you know the right to accompany was a part of Bill 139, and there will be an accompanying worker in each of the appropriate places in the plant so that his sources are not limited.

**Mr. Bounsall:** That would be one of my concerns, that inadvertently he becomes limited by asking the wrong person. I hope that when these inspectors go in they're asking as wide a group of people as they can in those plants. How often, on average, does that occur in industrial health and safety, every eight weeks is it?

**Hon. B. Stephenson:** It depends, some of them are every three months.



**Mr. McNair:** It varies from three months to up to thirty-six months, depending on the items that were mentioned.

**Hon. B. Stephenson:** It depends on the potential for the addition of toxic substances and, a number of other factors.

**Mr. Bounsall:** That's current. I'm a little concerned about what happens with a company, even one which has only one toxic substance, if in the normal checks from your branch that plant is not routinely gotten back to for another 36 months. This all sounds pretty good if you're going to routinely go in and check your list, but not if it isn't going to happen for another 36 months.

**Dr. May:** There's also an obligation on the company to keep us updated in terms of that information.

[4:15]

**Mr. Bounsall:** Sure, I understand that. But I've worked in industry and know that, with no malice aforethought, you don't get things reported as soon as you should. You were assuring me, really I was being reassured, that you're going to have the list and that list would then be updated by your inspectors when they go. Then I hear that in some instances it will be as long as 36 months before they will have been there.

That worries me. If you have a company that has any toxic substance listed at all, even if it is only one from the list which you have, will you be checking that more often than once every 36 months?

**Dr. May:** That is a requirement in the Act, the keeping of exposure data. There will also be surveys carried out by the occupational health branch, which are not in response to specific requests from the inspection force. They will be running their own evaluative programs. The evaluative surveys could occur between two inspections carried out by the industrial health and safety branch.

**Mr. Bounsall:** How does one determine whether you hit it every three months or as long as every 36 months?

**Mr. McNair:** There are three points taken into consideration; their accident record, the directions issued, and the inspector's evaluation for the whole company.

**Mr. Bounsall:** I can see in what you would traditionally think of as industrial safety, those are good criteria, but when you are talking about chemical toxicity that may have a long-term effect on the workers' health which hasn't turned up yet, that criteria may not be quite as good as it should be. You're not looking at accidents, you're not looking at the things which turn up immediately in terms of toxicity, it is a long-term effect. So the company may well be endangering

workers' lives in the work place in a long term way with some toxic substance and may appear, at any given time in your books, in the early stages, not to be turning up as high-risk company, except that they have got some toxic substances.

Under your criteria, I am worried that it isn't hit except every 36 months, whereas in retrospect in four of five years' time you might realize we should have been doing it every two months.

**Dr. May:** Where it is known there are toxic substances in use, it can also be made a requirement that they run specific health programs to monitor those substances. So the results of those monitoring tests will also be available.

**Mr. Bounsall:** The occupational health branch will be doing that monitoring and collecting that data?

**Dr. May:** Right, it's not just one group that is going into this plant; it's several groups within the division that could well go in at different times.

**Mr. Bounsall:** I guess the question is when you do have a plant with toxic substances in it, as opposed to other industrial hazards, how often will you get the occupational health people in there on a regular basis?

**Dr. May:** This isn't something you can pre-determine because it will depend on the particular substance. They will have programs for frequent inspections based on their criteria in relation to the hazard that exists. But at the same time, by requiring, say, a program of medical examinations, urinalysis blood tests and so on, other information will be coming in which will be checked out as a part of the incoming information. If there is any increase in, say the level of lead in urine or something like that, this is an indication for the occupational health branch to go back in.

**Hon. B. Stephenson:** If I may, I think Mr. Bounsall's concern is that in those industries in which there are any substances which could be potentially toxic or hazardous to the workers, the cycle of 36 months is obviously too long. The traditional cycle has been established on the basis of those three criteria. There is no way we can function on the basis of the traditional criteria to establish a cycle for any industrial establishment in which there is the presence or potential presence of toxic substances, that cycle has to be shorter. Whether it is three months or six months or 12 months depends on what is being used and what is likely to be used. We have to rely as well on the intelligence of both the employers and the

employees and the inspectors, who will develop impressions about whether indeed they should go back in more frequently. This has been carried out, I think, pretty effectively this year.

**Mr. McNair:** On the basis of information we had regarding the use of toxic substances, we surveyed those companies that were using this type of material and none of them were over the 12-month interval on an inspection cycle.

**Mr. Bounsall:** The companies that had the toxic substances?

**Hon. B. Stephenson:** Any toxic substance. They were all under 12 months; some of them more frequently than others.

**Mr. Bounsall:** Is that your goal? I wanted to quantify the number of inspections. Is that your goal, to do it more frequently than every 12 months? What is your goal in this area in terms of inspections and re-inspections?

**Hon. B. Stephenson:** Our goal is to keep on top of it, because for some substances it's obvious the inspections will have to be at least at three-month intervals. For some substances it probably will have to be a slightly longer cycle than that, but it is not longer than a 12-month cycle, depending on the substance and its potentially hazardous nature.

**Mr. Bounsall:** By the monitoring, by the inspections, is this by and large the only time you'd monitor, or do you have these companies being continuously monitored? Is the monitoring program in addition to and separate from your inspections?

**Hon. B. Stephenson:** Right; and the inspections provide us with extra information beyond the monitoring.

**Mr. Bounsall:** The monitoring is done by the occupational health branch—I'm having trouble keeping these branches separate—and the inspection, then, is being done by industrial health and safety on toxic substances; or is the whole toxicity and monitoring done by the occupational health?

**Hon. B. Stephenson:** No, no; there may be toxic substances used in construction and in mining as well as at the industrial sites, so each of those branches has to be aware of the presence of toxic substances. But the overall survey of the information actually comes through the staff branch of the division, plus the programs and standards branch, which collects the information, keeps the information and monitors that information.

**Mr. Bounsall:** You do have the two shots at it?

**Hon. B. Stephenson:** Three.

**Mr. Bounsall:** Three shots?

**Hon. B. Stephenson:** Yes; because the studies by the occupational health protection branch—or what do you call it now? I have the same difficulty.

**Dr. May:** The occupational health branch will be coming out doing evaluative surveys, monitoring what's going on in the work place. The other group, the special studies and services group, may be carrying out a special study on that particular industry or that particular material, and they may be in far more frequently. There's a requirement to do monitoring, so the company itself may be just carrying out the monitoring and feeding those results in. On top of that you'll have the inspections by the inspection branch.

**Hon. B. Stephenson:** So it depends on the substance, really.

**Mr. Bounsall:** When I'd gotten to my place on the list I was going to ask this question, but it's appropriate, I think, to ask it now. Maybe it's been around and I just haven't noticed it, but I haven't yet seen a flow sheet from the ministry of how all these branches fit in and what they're doing. Perhaps you could run through with me exactly what we have and how it is fitting together. We have three. We have used the assistant deputy minister.

**Dr. May:** Yes.

**Mr. Bounsall:** Right. Then, under you, do we have these four divisions; the occupational health protection—

**Dr. May:** There are six separate identifiable branches.

**Mr. Bounsall:** That wasn't in the program notes. Could you tell me what those six are?

**Dr. May:** The occupational health branch and the special studies and service branch.

**Mr. Bounsall:** Those are two, are they?

**Dr. May:** Two. They were formally grouped together as the occupational health protection branch, which was in the Ministry of Health.

**Mr. Bounsall:** So you've taken the Ministry of Health people over and split them into two?

**Dr. May:** That's right, one to do the longer term studies—

**Mr. Bounsall:** That's the special services?

**Dr. May:** —special studies and services—the other one to do the more service-oriented type of activities; the evaluation surveys, the provision of things like the industrial chest disease service, the medical and nursing com-

ponent and the occupational hygiene and engineering component.

Mr. Bounsall: So there are two.

Dr. May: They support the field activity which is the inspection groups, one from mining, one for construction and one for industry generally.

Mr. Bounsall: And those are the three heads that we heard from just now, right?

Dr. May: Those five groups are predominantly professionals. They don't have any administrative or support capability internally. All that is in the standards and programs branch, which co-ordinates the activities of those other five, so that all information which is generated or arrives at any one of those five is kept together, collated into one process.

Mr. Bounsall: Their activities all get reported to the standards and programs branch?

Dr. May: They're responsible for evaluating all the material and information that comes in; monitoring the programs, watching for new trends.

Mr. Bounsall: Where did they come from?

Dr. May: Originally there were 42 of them in the Ministry of Labour.

Hon. B. Stephenson: In the Ministry of Labour, yes.

Dr. May: They were performing a similar function, just for industrial safety and construction safety previously; now they've taken on the additional responsibilities of adding a health element as opposed to just a safety element.

Mr. Bounsall: With a commensurate increase in staff?

Dr. May: They have had 20 additions.

Mr. Bounsall: Twenty additions? From where?

Mr. Armstrong: Those were added.

Mr. Bounsall: Those were new people hired?

Mr. Armstrong: That's right, that's part of the \$5 million.

Mr. Bounsall: The industrial hygienists who should be being added to these programs, would they turn up mainly in that standards and programs branch?

Dr. May: No.

Mr. Bounsall: Some in that standards and programs branch?

Dr. May: No, they come in the occupational health branch. That's an ongoing field activity.

Mr. Bounsall: And some in the special services, I suppose?

Dr. May: Yes, there might well be one, but only one.

Mr. Bounsall: But not in any of the other four then?

Dr. May: No.

Mr. Bounsall: Right. Now, could I have sort of a line function? Do each of these six report directly to you or does the standards and programs branch, because it's collating information from the other five, have a bit more contact with you?

Dr. May: No, all six report directly to me.

Mr. Bounsall: What else do you do but have meetings?

Mr. Armstrong: Attend estimates.

Mr. Bounsall: All right. Well, that doesn't count. That's an extra. He's not paid for that. That's free, gratis time that he spends on the estimates.

Dr. May: Within those individual branches there are separate identifiable sections that report to the branch director.

Mr. Bounsall: Sure. We'll get them to explain that in detail, because they don't want to have any more vacations this fall.

Hon. B. Stephenson: The next question that Mr. Laughren had asked was what testing is being done for cancer producing agents. Since both Dr. Fitch and Dr. Muller are involved in this, we thought that it might be useful to have them answer. Jan, would you like to begin?

Dr. Muller: We have in the past been looking at epidemiological studies and carrying out epidemiological studies trying to determine if, in a certain environment, there might be an increased cancer risk. Our group is particularly involved in problems, I should mention, that are occupationally-related cancer cases with long-term or late effects. The way we have been trying to study this in the past was mainly through epidemiological studies. In addition, of course, we try to keep up to date with developments and studies that were carried out in other countries in other jurisdictions.

We, of course, want to continue on that line, but in addition to it, we have now some basic staff. We haven't been able to hire yet, but we have now some staff positions to start a laboratory that we wish to call a laboratory of environmental pathology. This laboratory we intend to run in co-operation with the University of Toronto. This approach has not yet been approved by the university authorities and it has not yet been approved by the Ministry of Labour, but we have had quite a number of preliminary discussions with the chief of pathology at the University of Toronto and, generally speak



ing, this proposal was accepted very favourably.

We intend to start this laboratory in co-operation with the university because we believe that it is absolutely essential in this type of laboratory to maintain the closest possible contact with the various scientific people in his particular area in order to maintain the necessary quality of work, but we are afraid of building a laboratory in isolation because the quality of the laboratory might then perhaps decline in the future.

In this laboratory, we want to start on a very small scale. We feel that we should start on a small scale because if you start something very big then it becomes rather unmanageable and, again, the quality of work might suffer. So we feel we should start on a very small scale and we intend to, first, as a high priority, do sputum cytology. 4:30]

The reason why we want to do sputum cytology in this lab is that we have done it or quite a number of years in co-operation with the Toronto General Hospital. I've got some numbers here.

We started in 1973 on a group of workers from Copper-Cliff sinter plant and we later added a group of Elliot Lake miners. We have, in these years, dealt with 2,834 sputum samples. These have been followed up and we have found among them a total of 11 cases of lung cancer, discovered through sputum cytology. We felt that this was rather important work because we now have the possibility to discover lung cancer very much earlier than we could by x-rays. All these cases of cancer gave no positive x-ray findings.

Mr. Lewis: That's a very high incidence in terms of the number you surveyed. That's a ratio of five per 1,000.

Dr. Muller: When you do this type of work you like to work as efficiently as possible. That means you want to select the highest possible group. That's what we did in Elliot Lake. Of course, we were aware of the problem in sinter plant workers, workers that have worked in the sinter plant in the past, and that's why we picked this group.

By the way, it's interesting—and I don't profess to know the reason for it—that we have not been able to discover by sputum cytology any cancer cases in Elliot Lake apart from cases that were already discovered by x-rays. There might be several possible explanations for it, but we did not find any. All the cases I'm talking about are actually among sinter plant workers.

Mr. Lewis: How many of the 2,800 were in sinter plant workers?

Dr. Muller: This was a total of about 1,600.

Mr. Haggerty: This relates particularly to the nickel industry then?

Dr. Muller: That's right.

Mr. Haggerty: Inco and Falconbridge?

Dr. Muller: Yes, the Copper Cliff sinter plant.

Mr. Haggerty: What about the nickel refinery in Port Colborne?

Dr. Muller: These are sinter plant workers from Copper Cliff.

Mr. Haggerty: But they had sintering operations in the nickel refinery in Port Colborne.

Dr. Muller: There might be some among them; I could not answer that question.

It perhaps might be interesting to note the outcome of this work as we see it at present. Among these people, a total of eight underwent surgery before there was any x-ray finding. That means you had to do a fibre-optic bronchoscopy to localize the tumor and then do surgery. Two of those people who went through surgery died within one year. One died very shortly after surgery, apparently from something that might be related to the surgery, and one died a few months later. Four cases have been under post-surgical observation for three years, one for four years, and these people are all right.

If we calculate the time of survival with no symptoms, with no disease, following the diagnosis of their cancer, we have four cases that have survived more than four years, we have three cases that have survived more than three years, three cases more than one and one survived less than one year following the diagnosis.

This looks very, very encouraging and we certainly would like to continue. Of course, one has to see certain limitations to this technique. By actually discovering these cases very early, before the X-ray findings, we actually should not be too happy too soon because we don't really know what would have happened if we had done no surgery. They might have survived for very much longer without symptoms. We actually have two cases in this context who, after we had found cancer cells in the sputum, refused further investigations, bronchoscopy, et cetera, and you can't force anybody; one of them survived more than four years without any symptoms. That is a very important issue, because these very early cancers seem to remain inside you, they seem to remain, they don't spread, in some instances for a number of years, six, eight

years perhaps, before they blow up and give clinical signs and symptoms.

So we would not like to pass final judgement on how many lives we have saved or we can save by this method, but we certainly feel that it is justified to continue. That will be given top priority in our new lab, to create the proper environment for doing this type of study completely in our laboratory. The co-operation we have had up to now is certainly useful but we have had our problems with it, because everybody who does things on a part-time basis has other responsibilities and it didn't work out as well as we wanted it to work out. This would be one of the fields to which we would like to give top priority.

**Mr. Lewis:** May I just interrupt to ask a question: Because the sintering plant workers have spawned so much of lung cancer in the Sudbury basin, of the 1,600 you put through sputum cytology tests, how many more workers would there be at high risk whom you have not reached?

**Dr. Muller:** Of course, this is a voluntary thing.

**Mr. Lewis:** Yes, I appreciate that.

**Dr. Muller:** We have tried to recall all the old sinter plant workers. We might not have succeeded.

**Mr. Lewis:** So you feel it is about exhausted in terms of a voluntary program?

**Dr. Muller:** No. We have to repeat it, because somebody who gave us a negative sample might give us a positive sample next time.

**Mr. Lewis:** Aren't there several thousand workers on the sintering plant rolls?

**Dr. Muller:** Yes, but we have to get hold of them.

**Mr. Lewis:** But why shouldn't you? There is at least one member of this Legislature who worked on the sinter plant.

**Dr. Muller:** I would like to say that another thing is we have a limited capacity to do it. It is not a technique that you can do on a large scale, particularly not at present. We will be much better once we get our own laboratory under way. We have not been able to do more than that, and we are not satisfied with the way we have been doing it up to now because we have long periods between getting a sample and actually getting the result. We could not expand it any more under the present conditions.

**Mr. Lewis:** Certainly the questions about the validity or value—perhaps value is the word—of sputum cytology were raised in

the Legislature. I think the minister herself, I remember, carefully raised questions—in effect, what you have raised—in terms of how do you measure early identification. I think it is accepted generally in the international scientific community, certainly the papers I've heard given, that early identification of lung cancer from this kind of occupational exposure might result in a prolongation of life from 12 to 14 months but that's about as long as they have been able to ascertain the difference between identifying it early and the clinical symptoms showing themselves. Even that is a pretty precious period of time. I am coming back to what you originally said. If, in fact, sputum cytology, despite the qualifications we have, has been able to identify 11 cases out of 1,600, which is a very high identification rate, is there no way that we could arrange for the entire roll of sintering plant workers systematically to be offered this particular process and somehow give it urgency?

**Dr. Muller:** What we are trying to do, really, in the laboratory of environmental pathology is to create conditions that would allow us to improve the present work capacity.

**Mr. Lewis:** But you say you have no guarantee that laboratory is anything other than a discussion with U of T?

**Dr. Muller:** No, I think we have more than that, because we already have some approved staff. The question that has not yet been settled is the co-operation with the University of Toronto, but because it is well under way on the staff level, I sincerely hope it will be possible to get the thing also settled and approved.

**Mr. O'Neil:** Is there any other way this testing could be done so that a larger portion of these workers could be tested?

**Dr. Muller:** I would like just to perhaps say one more thing in this: It's not just the testing; it's not just obtaining a good quality sample and bringing it to the lab. That's where the problem starts, because then you have positive findings and you have to contact the physician. Sometimes the patient doesn't contact the physician and you have to go and bring these two together—bring the patient actually to bronchoscopy.

Very often we find at the first bronchoscopy that you may not discover it. Because we already know that the tumour is there, the cancer is there, you repeat it several times. It is not very pleasant to the patient and it needs sometimes some persuasion to get him to go there for a second time and for a third time and a fourth time some-



times. So there is a lot of work apart from the laboratory part.

We have been doing that on a scale that we consider at present to be at least practical. We hope to go further than that. I don't know whether it will take 12 months, or more—I would like to see it happen, if a study or a work is being done, that we follow the thing through from the sputum sample right to surgery. There are not too many populations where this has been done. Certainly it has not been done, as far as I can see, in the Colorado plateau and therefore I feel that we might stand a better chance than they did over there.

**Hon. B. Stephenson:** I think probably it should be said—

**Mr. Haggerty:** May I ask one question at this particular point? I was just wondering if the doctor has made contact with the Shaver respiratory hospital in St. Catharines, because I am sure that particular hospital has sufficient medical evidence to support the cancer claims of persons who, we will say, worked for Inco at Port Colborne.

**Dr. Muller:** The Shaver—

**Mr. Haggerty:** The Shaver respiratory hospital in St. Catharines. I am sure there would be a wealth of information there on the matter of cancer as it relates to the nickel industry, particularly the refinery in the city of Port Colborne. There should be a wealth of information there.

**Dr. Muller:** Yes, I agree with that.

**Mr. Haggerty:** They specialize in this particular area.

**Dr. Muller:** But this material—not the latest numbers but about six or eight months ago—this material was published so it is generally available.

The next thing I would like to do in that laboratory are studies of chromosomes of peripheral lymphocytes. We consider this rather an important issue also, particularly in the context of exposure to excess radiation. We very often get a dose on a film badge because a man left his film badge somewhere and the film badge got irradiated but not the person, and we never know what the facts are. We are then told that it was only the film badge, but we couldn't be sure, because with a dose of, let's say, 50 rad or less, we would not get any response in normal blood counts. Chromosome studies could be extremely helpful. They could be helpful also in other areas, for example, on the effect of benzene, aromatic benzene, et cetera.

Another thing we would like to do is the testing of substances for their mutagenic

properties. Probably at this stage we will get involved only in a screening test using bacteria, something like Ames testing, where we should be able at least to get positive results in carcinogens of somewhere around 90 per cent effectiveness. Some of them might still escape, because using large laboratory animals you have to wait for a result for two, three years and with the number of substances that we have—

[4:45]

**Mr. Lewis:** What substances would you test?

**Dr. Muller:** New substances on which we have very little information, where we might have some suspicion that they might be carcinogenic—particularly new substances where very little information is available. I don't think we want to test substances we already know are carcinogenic. These things are normally done just in order to test the method; you test known carcinogens to see if you get a positive result. After that, as a routine we would like to get involved in new substances where very little or no information is available in the literature. This would be another area.

Finally—and this is one of the things that we certainly would not like to give a very high priority because we don't really know enough about it, and that is the question of host factors in cancer induction. It means some people are more likely, in other words, to get a cancer than others. We know now some genetic markers that might perhaps make one person more cancer prone than another. Even so we certainly would not propose a routine method for measuring these things at present, but we still would like to keep our hand in on that problem so that we would be prepared in the future to get a handle on this problem because of the importance of it.

**Mr. Lewis:** May I ask a couple of questions, following up on Floyd's questions? Are there any other groups of workers at high risk exposed to other additional contaminants whom you would wish somehow to test?

**Dr. Muller:** Yes, we certainly would like to get involved with asbestos workers.

**Mr. Lewis:** You are not at the moment involved with asbestos workers?

**Dr. Muller:** We are not. We can't at present.

**Mr. Lewis:** Have you devised a study or an approach that would involve any at the present time?

**Dr. Muller:** As far as asbestos is concerned we are now actually enlarging our staff. We have positions that we have not yet been



able to fill. One of the top priorities for study is epidemiological study on asbestos workers. In that context, in the process of setting up a nominal roll, et cetera, we will put together a group of asbestos workers that we consider to be at highest risk who we would like to test in this particular way.

**Mr. Lewis:** How do you relate the study which is now being done on the possibility of asbestos and laryngeal cancer with the kind of thing which you are going to do? How is the ministry sorting that out?

**Dr. Muller:** All we do, frankly—if we are speaking now of sputum cytology—

**Mr. Lewis:** No, I assume you will use other methods. You mean you will rely totally on sputum cytology? That has very severe limitations.

**Dr. Muller:** Yes, there are. But if you do sputum cytology you find cancer cells and then you have to investigate where they come from. They might be from the larynx, they might be from the lungs.

**Mr. Lewis:** But in a sense you've contracted out the question of laryngeal—the relationship.

**Hon. B. Stephenson:** It has been contracted out, not by the Ministry of Labour but by the Workmen's Compensation Board, the study that you are speaking of specifically.

**Mr. Lewis:** I see. Is there now going to be some kind of relationship between the two of you? Or is this going to be turned over to you?

**Hon. B. Stephenson:** What, the information that comes out of that study?

**Mr. Lewis:** I am sure the information will, but what about the process of initiating such studies? Will that be left largely to your complement now and done less by the board?

**Hon. B. Stephenson:** Almost undoubtedly yes. Because our responsibility is in the area of prevention of problems and therefore we feel the research related to that should be primarily the responsibility of the Ministry of Labour.

**Mr. Lewis:** I agree completely.

**Mr. O'Neil:** Is the Ministry of the Environment not undertaking studies at the present time too, along with asbestos? Is there some co-ordination between your ministry and their's to get together these facts?

**Hon. B. Stephenson:** We supply some of the services for the Ministry of the Environment for whatever studies they're doing.

**Mr. Lewis:** What about coke oven workers?

**Dr. Muller:** We certainly consider coke oven workers as a high-risk group for a proper epidemiological study. In these types

of studies, if I may say, there are two problems. We know that coke oven workers might have an increased cancer risk. We know that even without any further studies.

**Mr. Lewis:** We don't know, Dr. Muller, that they might have, we know that they do have.

**Dr. Muller:** We know that about asbestos workers, but what we are particularly concerned about and why we want to do a study—we do the same now at Elliot Lake for uranium miners—is that we want to derive a dose response function. It's not just a question of do these workers have more cancers than others, but how is it related to their exposure. That becomes an extremely complex story, particularly if you necessarily have to deal with historical data, because the cancer that we can observe now or that we have observed over the past years is an exposure they had 20 years ago. The further you go back in historic date, the poorer they become, and the less reliable they become.

These types of complications are what everybody has who tries to carry out this type of study, particularly with cancers, where there is a long interval between exposure and effect.

These things are not easily done. You probably have to start from that point of view, with a number of isolated groups, simply because you don't have enough information on their past exposure to make it useful as a study group. That is one of the things. We have to investigate these groups also from the point of view of quality of historical exposure data, what the quality is and how well we can use the data and what the errors would be. These are some of the problems.

**Mr. Lewis:** You've done some epidemiological studies yourself. I read the one that you did, I guess with Dr. Wheeler.

**Dr. Muller:** With Wheeler, yes.

**Mr. Lewis:** I know you're used to it. I'm hoping the work you do will receive public attention rather more quickly than that study did. You're saying to us that if you had the laboratory facilities and support you could do a contingent of coke oven workers. You could work out some sort of appropriate study on asbestos and you would be able to continue with the sintering plant workers.

**Dr. Muller:** The epidemiological part, I think, would be separate, yes?

**Mr. Lewis:** Yes.

**Dr. Muller:** We could extend the sputum cytology. I said that we are starting a small laboratory and I hope that in the future we

can extend the laboratory to cover, not only a larger number of sputum samples but also get into the other areas I mentioned, like chromosome studies, studies such as Ames testing and studies of mutagenic or carcinogenic properties of substances. That would involve expanding the laboratory in the future.

**Mr. Bounsall:** If I could come in here, this is really what we need though, isn't it? You're doing a few of the cancer-producing agents by your methods, but we don't really have a separate, entire cancer program, do we? That's the area you're talking about needing the expansion in. For example, I gather that there are the 14 carcinogens that are in standard in the United States.

**Dr. Muller:** Yes.

**Mr. Bounsall:** We really should have them on an emergency list, for checking in the way you're checking two or three of these programs now, in areas we haven't done anything on yet in the way you're checking.

**Dr. Muller:** It is probably correct that we should expand that list, but each of these studies is quite an undertaking; sometimes you have sufficient data do it, and sometimes you simply can't do it because you don't have the data.

**Mr. Bounsall:** You're from the special services division?

**Dr. Muller:** Yes. I am chief of the studies service within the special studies and services branch.

**Mr. Bounsall:** Just another question on this: The special studies division of studies and services is where the entire cancer program—a program which we don't have—should be placed.

**Hon. B. Stephenson:** You're saying there is a program which we don't have. I would remind you that the Ontario Cancer Institute has studies going on in certain areas as well. If you're suggesting that the entire program of investigation of the causation of cancer should be within the Ministry of Labour, I would think that I would disagree with you.

**Mr. Bounsall:** For example, regarding the 14 already recognized in the United States with a standard of carcinogens, surely it falls clearly within your ministry's branch to be doing the checking and follow-up on that. You're doing the other work on the sintering plant workers and so on.

**Hon. B. Stephenson:** Whether it will be necessary for us to develop specific biological studies programs, or whether we will be able to make our determinations on the basis of information which is developed from other

research programs, is a moot point about some of these matters at this stage. What I'm saying is that we can't do all of them at once, nor do I think that probably we should be doing all of the studies that are necessary all of the time. There are other institutes, and other provincial and federal jurisdictions, which will be involved in this kind of study; most certainly we should be co-operating with them in gathering information from them, which is what we intend to do.

**Mr. Bounsall:** Okay. This is for the studies side, I suppose, to determine or prove not so much that you have a problem but how to approach the problem. And I can see that being done in other—

**Hon. B. Stephenson:** Yes, on the basis of priorities for those problems which are primary problems in the province of Ontario.

**Mr. Bounsall:** I then assume the services side of that branch would be the one that would be doing the constant checking and re-evaluation—no?

**Hon. B. Stephenson:** And testing.

**Dr. May:** Providing the data which is studied.

**Mr. Armstrong:** Dr. Fitch can speak on that.

**Mr. Lewis:** Dr. Fitch is going to unravel the mystery for us before the afternoon is out.

**Dr. Fitch:** For the moment, I would like to just explain what the special studies and services branch is. It's not a very good title but it's a catch-all for certain elements that were separated from the other parts of the occupational health branch.

**Mr. Bounsall:** Anybody you didn't know where to put you transferred into that branch.

**Dr. Fitch:** Not quite that. They were fairly well defined groups. All of our radiation protection service is within our branch; that is a group that deals with the physics, the aspects of studying both ionizing radiation, which involves x-rays and things like uranium, and all the non-ionizing radiation category, which covers things like ultraviolet, lasers and microwaves.

That is one part of the service that we render. The other part of the service is that we act as the health advisers to the Ministry of the Environment both on a day-to-day basis and in carrying out some studies for them as well; we act as their consultants in health problems. Now, since this type of activity has been moved out of the Ministry of Health, we actually provide some input



to the Ministry of Health as well. That's where the services comes into it.

**Mr. Lewis:** I am curious. I want to take us right back to last week. A lot has intervened, including for myself.

[5:00]

I am curious about how decisions are arrived at and how they get funnelled through the ministry and, I suppose, the minister making the final decision, from this occupational health group.

If Dr. Muller has not yet launched studies to work out dose-response relationships in a definitive way, how in the case of a substance like vinyl chloride do we get set with a standard of 10 parts per million in a new piece of legislation, given the fact that we now have an occupational health division? I want to understand how we achieve standards significantly below those of other jurisdictions when we now have the expertise and the knowledge, and clearly the capacity, to have an appropriate enforceable standard.

Before, it could be argued in this Legislature, and often was, that we just didn't know, or we were behind, or we came to it late, and we only stumbled on the Muller-Wheeler studies in 1973 and we didn't know about asbestos until Johns-Manville blew up. We could always find an excuse to rationalize the position we had taken. But now, we have Dr. Fitch and we have Dr. Muller, we have a special studies branch and we have research being set up and we have got a lab with the pathology people at U of T and we have a new Act and we have all of this. We have all of this in the works. How do we then arrive at a standard which others have rejected? I would like to know how that is explained.

**Dr. Fitch:** I think the point is that this is not a new standard. The standard of 10 parts per million—you asked me about that on the last occasion—is just one of hundreds we are carrying forward that we have had before. We haven't made a new standard for vinyl chloride. We, in fact, reduced the standard for vinyl chloride to 10 parts per million when it was still 200 parts per million in the United States three or four years ago. We haven't changed it since. That is the point, we haven't really got around to making use of—

**Mr. Lewis:** What do you mean you haven't got around to changing it? I'm not tackling you, Dr. Fitch; you are a senior civil servant who is working at it, but maybe I should speak to the person on your immediate right. I don't quite know what you mean that you haven't got around to tackling it yet.

In fact, it is one of only seven substances which will have enforceable standards when the new bill comes into effect. It is not one of several hundred. It is one of seven enforceable standards. It is one of those which is dealt with in this Science Council document which just emerged today on policies and poisons. Vinyl chloride is singled out.

I don't understand, with all of this expertise, how come we are still at 10 parts per million and the United States is enforcing one part per million. I'll tell you, with respect, Madam Minister, they are enforcing it. Because of a comment you made in the Legislature we actually wrote and called NIOSH, OSHA and the unions involved, and they could not tell us a vinyl chloride plant in the United States which was above the one part per million. In fact they claim, for whatever it is worth, the government agencies claim they are enforcing it.

When I was at Sheridan Park listening to the presentation from Dow Chemical, the fellow there said, very, very sanguine, that 10 parts per million was just fine with the company, thank you very much. That made my blood run cold, because we now know what vinyl chloride is doing. We now understand that.

I want to understand why, with all of this expertise, we are still 10 times above the scientifically accepted standard in the jurisdiction which has had most contact with the data? I don't understand that. I don't understand what you people do. That seems to me to be something you should do. Never mind your sputum cytology. That is nice, long-term, satisfying work; but what about the lives of workers who may be exposed to vinyl chloride emissions when we know it is no longer arguable that one part per million is a desirable and technologically possible standard. What is happening? What are you doing, you people? Are you chatting at the estimates? What is going on?

**Hon. B. Stephenson:** That is one of the things we were going to get into. The review of vinyl chloride is one of the priority items for the Advisory Council on Occupational Health and Occupational Safety. It is one of the items which was not, I gather, attacked by the previous advisory council, which looked at some other things but did not look at vinyl chloride. It is one of the high priority items which will be on the agenda of that advisory council for examination and recommendation to us. There isn't any standard which is sacrosanct, I would like you to know, in any area.

**Mr. Lewis:** You're telling me. I'd have it



own to one-tenth of one fibre per cc of asbestos, if one had one's way about it. I think two fibres is recklessly irresponsible, but I understand there is no absolute standard.

**Mr. Bounsall:** Why does one have to wait for that advisory council to report? It is an advisory council and it represents labour, management and the professionals. Why do you have to wait for it to report? If this group can look at the data, it is a group that can assess that and assess whether that one is reasonable or not. Surely it can say, "This is what we've determined should be done"? You don't have to wait to get it from the advisory council surely.

It would be nice if it was ahead of everybody in the world and you were always being prodded by it, but surely there are going to be times when your special studies branches are going to be ahead of the council in what it can recommend. You're implying by the answer that you have to wait for the advisory council to tell you that it should be one or 1.5.

**Hon. B. Stephenson:** No, I'm not implying anything right at the moment. What I am saying is that the information we have had from NIOSH and from OSHA has not pushed as vigorously as you think it should, because our experience in Ontario is that I think we have had not one single case of any kind of problem related to vinyl chloride—none—and we have done studies.

**Dr. Fitch:** We have three plants in Ontario that deal with vinyl chloride and have been doing so for quite a few years, just as long as the plant in Quebec which produced the cases of liver cancer. Of course, we haven't seen any cases of liver cancer here and we're hoping we won't. After all, one part per million or 10 parts per million really makes very little difference when you are talking about people who are exposed to 300 and 400 and 500 parts per million. They're the ones who acquired the liver cancers.

I think we would all like to see standards lower, or we'd certainly like to see exposures lower, but we have really not had any great evidence to show that a level of 10 parts per million was going to hurt anyone. We don't want to see it, but we could say this about every substance. We could say everything should be reduced to one part per million and certainly we'd be giving more protection to people. There's no question of it.

**Mr. Lewis:** That's not desirable?

**Dr. Fitch:** It is desirable.

**Mr. Lewis:** Then why are we quarrelling?

**Dr. Fitch:** Why don't we just say everything should be one part per million?

**Mr. Lewis:** No, because in fact there has

been some effort to accumulate scientific data which suggests that at certain threshold limit values, the levels of protection are more hopeful, are better. The levels of risk are reduced.

**Dr. Fitch:** Sure, that's true.

**Mr. Lewis:** Surely there is a comparison. I'm going to tell you right off, you frighten me. You really do frighten me. You talk about it in such sanguine, scientific ways. I know you don't want to see a single case of any kind, but if you know that it's possible to achieve one part per million, why do we stay at 10? Why don't we reduce the risk factor?

Why do we rationalize the situation? You know that the latest paper on vinyl chloride that's come out of Shawinigan in Quebec has adduced significant birth defects in the surrounding population—

**Dr. Fitch:** Yes.

**Mr. Lewis:**—much more profound and serious than in urban centres of a comparable size. When that emerged I listened and Wallaceburg came into my mind. I have no idea in the world whether petrochemical processes can extend far enough as to have that kind of damage, but it did raise an alarm in my mind and I thought as I listened, "What are the implications for the province of Ontario?"

If we went down to one part per million surely we could eliminate even more of those kinds of things, particularly since we know we're not dealing with things which will drive the companies into the terrible economic near-bankruptcy of that pathetic corporation like Inco.

We would keep them in the black. I'm just arguing strongly that where we have enforceable standards and a very tough, tight group like yourselves, it seems to me you people should be lobbying for the lowest conceivable standard that is internationally accepted. I'm not even asking you to embrace—perish the word—Irvig Selikoff. I won't even ask you to embrace that; I won't even ask you to embrace one-tenth of one fibre per cc because that is the only possible way that mesothelioma may be avoided, and even then we don't have a guarantee. I'm just saying take the lowest, and the lowest, which is applied in vinyl chloride, is one part per million. I don't see that we should have to be like angels dancing on the head of a pin over this one, I really don't. Anyway, that is, as always, a minority view in this crazy field of occupational health.

**Mr. Bounsall:** What are you waiting for; if you have that one part per million standard in there and it can be enforced, why

are you waiting with the 10? Surely you've got more expertise within your group than the advisory council?

The other thing I'm concerned about is, do you have—and if not, why not—a separate sort of ongoing cancer study program for all those chemicals which are carcinogens for which, for example, the US has standards? It has 14, I gather, which it has careful standards on. Unless there are none of those 14 carcinogens, like benzpyrene and B-phenylamine and so on down the list, not being used or produced in Ontario, I can see then why you don't have a program running on that; but for all those that are, and for which the US has standards, why haven't you got a cancer program running within your group, either on the checking of it or hooked onto their information gathering? This is where it should be and I'm concerned that you're not really moving fast enough in this area.

**Hon. B. Stephenson:** If you mean clinical laboratory programs which will function on the same sorts of bases that Dr. Muller suggested, it may not be possible for us to do it for all of them, but as far as hooking into information is concerned, that is certainly a part of the activity of this branch of the division of occupational health and safety. The examination of the literature of the information which is coming out, all of that advice, being fed in, is most certainly going to have an effect on the standards which are set or on the TLVs which we accept as well.

**Mr. Bounsall:** I must say I just have a little feeling of unease that in this area we aren't moving fast enough on enough fronts.

**Dr. Fitch:** May I have a word on this matter? The 14 that were mentioned first were, of course, a very small number of all the identified carcinogens. In the United States they have published another list of some 1,600. In fact, we have published a data sheet, an information sheet that we send around to industries, in which we have listed carcinogens—this list has only 20 on it, but the 20 most significant ones—with some instructions about the kind of protection that should be given to people who are exposed to these things.

We do go out of our way to look for areas where there is a high risk, we've spoken about nickel and uranium, particularly. In the case of the vinyl chloride workers we were talking about before, we have started a study on all the people whose names we can find who have been exposed to vinyl chloride in Ontario.

We have a list of the present and past

workers in those three plants. We have as much information as we could get on exposure. We have the time they worked in exposure, which was about all that we could get for the old days and for the more recent times we have a pretty good idea of the exposure they've had. This is a study for which we've gathered the basic material and which we'll be going into more deeply as soon as we have somebody work on it.

**Mr. Mackenzie:** Is there any specific reason why we won't work on it?

**Dr. Fitch:** No, there isn't really. It is just that we haven't done it because we haven't been presented with evidence saying you should go this way. In Britain a year ago they did a great study and came out with a new standard and the standard was 10 parts per million, and 10 parts per million is used in a number of European countries. In the United States in the last few years they have taken a very conservative, and perhaps a very commendable attitude. That is, if you can show any evidence of anything being carcinogenic at all you should set the standard at the lowest possible point at which it can be detected. This I think is probably the long-term goal for exposure to all carcinogens.

[5:15]

**Mr. Mackenzie:** Does the fact they have taken that position on that particular substance mean something to us as well?

**Mr. Bounsall:** What's wrong with their attitude? And why is our attitude one of something higher, or not having really adopted a level?

**Dr. Fitch:** I think this is just a general statement that they have made applying to all carcinogens. It isn't necessarily applicable to enforcement in the plants.

**Mr. Mackenzie:** It's not based on any research, then?

**Dr. Fitch:** I don't think so, no.

**Mr. Bounsall:** The one is not based on research?

**Dr. Fitch:** I don't think there is a single standard that—I shouldn't say a single one, but there is hardly a standard that we use for anything that you can say is based on any scientific evidence. Because it is extremely difficult to know what actual levels cause harm. You can get up into high concentrations of things and say, yes they produce some effect. But when you get into the lower areas, nearly all the standards in the past have been chosen for reasons other than demonstrated health effects—often because it



was practical to get down to low concentrations.

I hate to be in this position of seeming to defend a certain standard for vinyl chloride, which is a known toxic substance, that certainly isn't my intention. I think that as time goes by and we put in more work on each of these things, probably we will see most of them come down lower and lower as we get more information. This has been the history in the past.

**Mr. Mackenzie:** Why not gamble on the side of safety for once, and recommend to the ministry that we do make it one?

**Mr. Bounsall:** My concern is that. But also, to return to one of my points, I just had a big list of 20 substances in front of me here. What work are you doing in that area? My concern is that you aren't hitting enough of these known carcinogens to which you alert industry. They are probably in use in the province. This is a send out dealing only with 20 fairly widespread carcinogens. My question is, what is happening to 19 out of the 20 on the list? One of them may be vinyl chloride, I don't know. But if so, what is happening to the other 19 in regard to your activities in helping to determine the standard? Or if a certain standard is adopted, are you seeing whether it is feasible? My concern is that we aren't moving fast enough, not nearly fast enough, in your area on all of these others which you know to be carcinogens.

**Dr. Fitch:** I couldn't agree more, but—

**Mr. Bounsall:** What do you need, more staff? What would do it? Doubling it? Tripling it? More arrangements like your pathology lab with your medical research groups out in Ontario? What would achieve this for us?

**Dr. Fitch:** I think that's a step forward. We have increased the staff quite a bit in the past year so we are obviously going to get to more things than we have done in the past. We are just beginning to move forward along those lines. It is very difficult to say how much we will be able to do.

But when you talk about doing research on a particular substance—you can take any one of these and you could probably find that there are 50 or 100 people around the world who are spending their whole working life studying vinyl chloride or some one item like that. You can't just take a little group of half a dozen people and say here, go and study carcinogens. All we can hope to do is to be in a position to receive the information that comes from other places in the world. We do have good information sources. We have a very good technical library; we have compe-

tent people in it who screen all the new information as it comes out, and make it available to us.

**Mr. Bounsall:** Let me put it this way. If someone asked me, for example, is there a group in the occupational health and safety division that's concerned with carcinogens—a separate one to deal with all those substances known to produce cancer or a particular type of disease—is there a group dealing with that?

**Hon. B. Stephenson:** Specifically and with nothing else?

**Mr. Bounsall:** It's a type of disease, Madame Minister for which there's a lot of research work going on, in which you now have lists of substances which produce it in the work place. What I'm saying is, if someone said "is there a group really working on this general classification of materials that produce cancer"; my answer, from what I've heard here, would have to be "no".

**Dr. Fitch:** They're certainly not working on all of them.

**Mr. Bounsall:** And if not, why not?

**Dr. Fitch:** It's just impossible to work on all of these substances. We're working on the ones that are particularly high risk substances in Ontario. We've selected the key ones, the ones that affect a number of people.

**Mr. Bounsall:** Are you saying that the answer would be "yes" for those substances which are in Ontario?

**Dr. Fitch:** For those that affect fairly sizeable groups of people in Ontario; the ones that are of importance in industrial fields in Ontario, I would say "yes".

**Dr. May:** And which have been identified in Ontario.

**Mr. Davidson:** Past and present or just those now used?

**Dr. May:** In the past. We're looking for others. The moment we identify them they will be moved into the program.

**Mr. Davidson:** Are you doing studies on chemicals such as Mirex and Dechlorane? They have been used in the province of Ontario.

**Dr. Fitch:** They've been used to a very small extent. We did try to identify all of the people who had encountered Mirex and we've been only able to get a very few in. We had them medically examined. We did special tests on those people. We didn't find anything.

They're a small group of people and it is possible that some time in the future they might show some effects that we haven't



recognized yet. But I think we've done what we could on that particular small group.

**Mr. Davidson:** Did you bring a group in from Polysar in Cambridge? That worked with Polysar Chemicals in Cambridge, Ontario?

**Dr. Fitch:** I am not sure.

**Hon. B. Stephenson:** I don't know the name of the company but there was a group from Cambridge.

**Mr. Davidson:** That was the Kayson plastics division of Polysar.

**Hon. B. Stephenson:** Yes, right.

**Dr. Fitch:** Yes. That's the particular group we dealt with.

**Mr. Davidson:** There was a group of employees who, having worked there, certainly have not been called in and certainly have not been examined, and they're still concerned about this. I've met with the company people and they're not at all satisfied that simply sending people to their own doctor is in any way going to give them the type of examination that is required.

**Dr. Fitch:** No. Actually, they were all referred to one doctor. There were some discussions with the workers' representatives, and I think there was a company doctor—I don't want to get this wrong—but a doctor was chosen who was acceptable to the group of workers. They were asked to report to him and a series of tests was worked out between him and ourselves. He examined these people and had various tests done and reported back to us.

**Mr. Davidson:** Only those who were still at work, I might add. Those who had left the job prior to that time have not been called for an examination?

**Hon. B. Stephenson:** There is a further examination to be done of those who had been exposed in the spring of next year. The program is ongoing.

**Dr. Fitch:** I have a little note here, and we may have the wrong information, but it says the company identified five men who had been exposed to Mirex in the past and these were the people who were examined.

**Mr. Davidson:** I have a note here—and this is from the company—saying it has a list of 15 people who have been in contact with Mirex in the past. They were only the machine operators, and that excludes the people who were—let me see, I have it here somewhere—it excludes people who were the handlers, the mixers and lab technicians or any other employees who may have been in

contact with it. The 15 names were those of machine operators only.

**Dr. Fitch:** Could we ask Dr. Tidey to speak?

**Hon. B. Stephenson:** Yes.

**Dr. Fitch:** Dr. Tidey had more to do with this than I did. He's here.

**Mr. Bounsall:** Which branch does he fit into now?

**Dr. Fitch:** He's in the occupational health branch.

**Dr. Tidey:** Ladies and gentlemen, I was involved in the Kayson examinations. The examination was offered to the 15, but only five turned up. I was very much involved in this. They are going to be examined in one year's time, which is next spring.

**Hon. B. Stephenson:** No abnormalities were found in the fibreglass examination.

**Dr. Tidey:** No abnormalities were found. We have that from him.

**Mr. Davidson:** I don't like to dispute your statement, but I can throw you the name of a person right now who is on that list who was not contacted by anyone to be examined.

**Dr. Tidey:** We have to rely on our contacts in Cambridge. The doctor indicated—

**Hon. B. Stephenson:** If there is one person who has not been examined who would like to be a part of the program, we would be very happy to include him in the program. If you can find any more, a complete—

**Mr. Mackenzie:** Did you contact them or did the company contact them or what?

**Dr. Tidey:** The company made arrangements to go to a certain physician, and he contacted us. We drew up a program of full history, physical and lab tests, including liver function.

**Mr. Mackenzie:** Was the contact of the employees involved done by you?

**Dr. Tidey:** That was done through the company. It was voluntary for the 15 members. In talking to the doctor myself, I learned only five turned up.

**Mr. Mackenzie:** You would have no way of knowing if they had not got in touch with one or two or three of those employees?

**Dr. Tidey:** Not directly, but the company did say that it offered it. It was a voluntary program. The men are to be examined again next spring.

**Mr. Mackenzie:** Would it not make sense—

**Hon. B. Stephenson:** If there are deficiencies in the contacts made by the company, then we would certainly like to know about them.

**Mr. Davidson:** I think in all probability—and I haven't checked with the company to be certain—on going over the list of names I have here it would appear that the people they contacted were those still employed in the plant, the other nine people were not. Out of the 15, there are still six who are employees. It may be that the offer was made to those people and not to the others who had left their employ.

**Hon. B. Stephenson:** If you have the names of those who are no longer staff members of the plant and give them to us, we will try to make sure they are contacted.

**Mr. Davidson:** Fine, I'll try to see that you get them.

**Dr. Tidey:** I was very much involved in that.

**Mr. Mackenzie:** Just to continue this for a second, would it not make sense, where we have a testing program like this because of a substance that we are worried about, that the ministry itself send the letter out, even if it is a voluntary basis for these people.

**Hon. B. Stephenson:** Mr. Mackenzie, in future, as a result of the employee exposure rolls which must be kept, we will have the capability to find those people and make contact ourselves. This has not been possible in the past because of the lack of that kind of information.

**Mr. Mackenzie:** Would this include somebody who at any given time, or at the time you would start a program, may no longer be with the company but was there maybe for a number of years ago?

**Hon. B. Stephenson:** Yes.

**Mr. Mackenzie:** Who has been retired for a year or two years, or has left for other employment?

**Hon. B. Stephenson:** Yes.

**Dr. Tidey:** I might add that we made sure with the doctor that he called the men back in and informed them of the full examination and tests.

**Hon. B. Stephenson:** The results of them.

**Dr. Tidey:** Yes, the results.

**Hon. B. Stephenson:** The next question that was asked was what the division was doing to lower TLVs—threshold limit values. That really is, I suppose, a part of the discussion we have been having about standards, because TLVs are closely related. If there is further information you would like about that, then we can ask Dr. Fitch to tell you what is going on.

The work that is being carried out by his branch is not only to examine those sub-

stances for which standards have been set, but also those substances for which there are TLVs. We will be assisted, as I said earlier, by the Advisory Council on Occupational Health and Safety, which as a result of the information coming into them and specific concerns raised by labour, management or the general public, will be establishing priorities to begin and carry out their task of making recommendations in this area.

The next question was about what steps the division is taking to train its inspectors in health hazard recognition, what percentage of the division's inspectorate has been trained thus far, what plans does the ministry have for providing training for workers and how is the ministry going to measure the success of internal and external training efforts?

[5:30]

**Mr. Bounsall:** That's a good one.

**Hon. B. Stephenson:** Yes.

**Mr. Bounsall:** We await the reply with eagerness.

**Dr. May:** In summary, roughly 70 per cent of the industrial and construction safety inspectors and managers have gone through the first phase of the hazard identification course. This is to make sure the existing staff and new staff all have the same basic information around which to operate.

Don't forget that up until recently their mission was almost entirely safety-oriented. We now have had to add to that the requirements relating to health problems. We're putting the two together and making sure that they are all trained to the same basic level; from that point on, we'll start further training.

**Hon. B. Stephenson:** That will be 100 per cent by January as well.

**Mr. Bounsall:** You say hazard training identification is the first step of training them further in the health area, as opposed to simply the safety area. What other programs do you have in mind that they should be taught? I can see that hazard training recognition is the very first step; now what do you have in mind in the further training of them?

**Dr. May:** We then have to concentrate on those areas which are of direct impact to them. More likely this will be a form of in-house training to relate specific groups to particular problems they could encounter within the area they're operating in and in relation to the industries with which they are specifically concerned.

**Mr. Bounsall:** In other words, training in

a particular geographic area where there are particular chemical plants.

**Hon. B. Stephenson:** It's not only in chemical plants.

**Mr. Bounsall:** I know, I took that as an example.

**Dr. May:** If there are no chemical plants in the area where they're predominantly looking at loggings, there's no point in giving them that training immediately. Later on, maybe, but we will concentrate on the problems which they're most likely to face immediately.

**Mr. Bounsall:** Okay. They all get this one course, which now is virtually complete for them all. That's in-house?

**Dr. May:** No, it is partly at Humber College, using a large number of the staff from the division, because there's a lot of people needed to do the training. But the mechanism is through Humber College.

**Mr. Bounsall:** And that course is available to any of the rest of us in the public who want to sign up for it?

**Dr. May:** Yes.

**Mr. Bounsall:** It isn't restricted?

**Hon. B. Stephenson:** No.

**Mr. Bounsall:** Right. So that could be available to the workers in the work place who would be—

**Dr. May:** And health and safety committees.

**Mr. Bounsall:** Health and safety inspectors and committees within—

**Dr. May:** There are some who have already undergone this course.

**Mr. Bounsall:** Do you anticipate spreading that program? I mean, it isn't the best to have someone who has just been trained to go out and give the same training, because that's all they can give. Do you anticipate expanding that course or using some of the people who have gone through that course to do the training of the workers in the work place on those substances?

**Dr. May:** Yes, but not necessarily directly through Humber College.

**Mr. Bounsall:** That's what I meant. Humber College is a little limited. It's tough to get someone from Sarnia to go to Humber College. You've got plans out there, have you, to give courses formally or informally through the community colleges?

**Hon. B. Stephenson:** We have an agreement with the Ministry of Colleges and Universities that this is an area in which we should be expanding, and I think there are

several that have already requested this kind of course.

**Dr. May:** Seneca, Centennial, Ryerson, Durham and St. Clair colleges are already working on plans for similar courses.

**Mr. Bounsall:** To start next September? or January? How close are we to getting these across the province?

**Dr. May:** I think it will be sooner than that.

**Mr. Bounsall:** Sooner than January?

**Dr. May:** No, April.

**Mr. Bounsall:** April?

**Hon. B. Stephenson:** Sooner than September.

**Mr. Bounsall:** That's in the recognition area, again?

**Dr. May:** Yes. There are other colleges that already offer certain programs which are related to that course: Lambton, Sault, Cambrian and Conestoga. And Algonquin has got one for nurses, for instance.

**Mr. Haggerty:** Do they have the expertise, though?

**Dr. May:** They have some. There are some proposals under the lottery funding to establish other forms of training courses; these will be run in conjunction with, first of all, larger universities, smaller universities, and then going out to some of the community colleges, using expertise available in any one of those, wherever it is, to supplement the existing staff in those colleges.

**Mr. Bounsall:** How long is that hazard training identification program?

**Dr. May:** One week.

**Mr. Bounsall:** One week? Is that sufficient in your opinion?

**Dr. May:** It's not sufficient but it's a start. At least you can start training them broadly across the province and then top them up one by one as you go along in relation to the areas of interest.

**Hon. B. Stephenson:** And the areas of concern.

**Mr. Bounsall:** For example, if St. Clair runs one I can see that if they went beyond the initial hazard training identification course anything beyond that would be a completely different type of training. The topping up, as you call it, would be a different type of training for workers in that area to what you would be getting up at Lambton College, because they're heavy chemical there and there is no chemical industry, apart from salt, in the Windsor area.

You say you are developing this? I guess



ou really haven't yet developed any of the topping up programs, or have you?

**Dr. May:** We're not doing this. It's being done in the colleges themselves, of their own initiative in many cases, because they too recognize the fact that there aren't enough programs available.

**Mr. Bounsall:** But you're concerned that our inspectors get the proper topping up program, right?

**Dr. May:** Yes, sir. They do a lot of that internally.

**Mr. Bounsall:** So you do have the internal expertise for the topping up, apart from the—

**Dr. May:** This would depend on what the response is at the division.

**Mr. Bounsall:** Okay, so you must be showing some interest in what the individual colleges would be doing in anything—

**Dr. May:** We will continue our in-house training until this is available through the colleges and naturally we will assist them when or wherever we can do so without interfering with our divisional programs.

**Mr. Bounsall:** That's what happens, I see.

**Hon. B. Stephenson:** Could you say something about this, Mr. Nelson?

**Mr. Bounsall:** You're in occupational health?

**Mr. Nelson:** The occupational health branch, as opposed to the studies and services.

The program for training of inspectors started in our branch and it started with some of our own people. In other words, we wanted to give them training. This came on before we were transferred into the Ministry of Labour. At that time, we offered it to the Ministry of Labour and we started programs then for the inspectors by late 1975 which we then carried on and, in co-operation with Humber College, began sending them there.

Until about February of this year, all but about 67 inspectors—I'm not sure of the exact number—had had a course with either ourselves or Humber. This is being taken up in December and January; there are two more courses being presented by Humber to finish off these inspectors. We are very involved in the program in giving guidance on the courses that are to be presented and also we are assisting in giving some of the lectures ourselves.

**Mr. Bounsall:** So the expertise came from within your branch for the training. You've talked about the topping up—the specialized stuff you need to do. Where are you getting your expertise within your branch to do the training? Or have you shot your entire bolt at the moment?

**Mr. Nelson:** Oh, no. We have in our branch physicians, engineers, chemists and technicians. These people are able to give lectures in their own particular field, on such subjects as toxicology, air sampling, recognition. There are various subjects that these people would want and what we're trying to do is train the inspector not so that he can solve the problems but he might be better able to recognize the problems and then bring them to the attention of somebody who may investigate them.

**Mr. Bounsall:** And none of these at the moment are industrial hygienists, for example?

**Mr. Nelson:** The ones we've trained?

**Mr. Bounsall:** No, the ones who are doing the training, either in the ministry or at Humber.

**Mr. Nelson:** Yes.

**Mr. Bounsall:** Some of them are?

**Mr. Nelson:** Oh, yes, myself included.

**Mr. Bounsall:** I'm not sure how I can approach this or that I've got anything much more than a vague feeling, that you probably have only gone the first step and you probably need a lot more expertise within your branch to give more in-depth training than what you're giving now. Would that be a fair statement?

**Mr. Nelson:** There are several programs on which you could go further. It depends on a lot of considerations as to how far we really want to go. It is possible inspectors could be sent into industries to do some screening of their own, in which case there would have to be training in how to handle instruments, and what to do in industry. That's one possibility.

**Hon. B. Stephenson:** The thing Mr. Bounsall is suggesting is that there is not a sufficient degree of expertise within the branch itself—

**Mr. Bounsall:** Yes.

**Hon. B. Stephenson:** —to provide for the teachers for any kind of program, and he's wrong. The expertise is most certainly there to provide the educational programs. It's a matter of organizing the programs and organizing the staff we have to get out to the various programs to provide the appropriate educational material and teaching process in order to do this to the optimum level. It's organizational.

**Mr. Bounsall:** As to this expertise you have to give us, you're saying you have adequate people to do this educational job. Were they the new people who were hired in this divi-

sion, or have they always sat there in the Ministry of Health?

**Dr. Fitch:** I'd like to speak to this for a moment, if I may.

**Mr. Bounsall:** If they have sat there, why the hell haven't they been doing it before would be my question.

**Dr. Fitch:** I think Mr. Nelson is too modest, this is the problem right now. He and his group are probably as highly qualified as any industrialist hygienist in the country.

In fact, every province has people who were trained in his group and have gone out to work. There are people in industry who were trained in his group and have gone out to work as industrial hygienists; and they are recognized throughout the world, some of them, for the work they've done.

They're nearly all professional engineers, in fact I think they all are at this moment. Several of them have M.Sc. degrees which they have obtained after getting their engineering degree in specialties related to this field. They have been doing this work for a good many years. Mr. Nelson mentioned having given courses before the branch transferred from the Ministry of Health to the Ministry of Labour. They first gave these courses in 1968, I think, and there were a series of them given at that time. This is not a new activity.

**Hon. B. Stephenson:** What we are proposing is an expansion of that activity in an appropriate manner so that not only will we be training those people within the ministry who require this expertise, but people throughout the entire system.

**Dr. May:** Over 90 per cent of the people in Mr. Nelson's branch are occupational health professionals — physicians, nurses, hygienists, and so on.

**Hon. B. Stephenson:** I guess what we're trying to do now is provide a wider dissemination of the expertise which has been existing within that branch, and which has been expanded upon as a matter of fact.

**Mr. Bounsall:** Okay, let me ask a question. This doesn't relate so much to what you're going to do now but what you've been doing in the past. You mentioned that groups of engineers have been through your training in the past and have gone out and found spots in industry and so on. At least it was mentioned on your behalf that this was what was happening. I'm an engineer. How would I find out that you had existed so that I could go down and spend some time with you and go out and know more about safety? How

have you made yourself known in the past and how would I have hooked on?

**Mr. Nelson:** What Dr. Fitch is saying, and perhaps it wasn't properly explained, is that in the past, in obtaining staff, there have not been trained people available. We have had to hire, basically, engineers who have had no training in industrial hygiene. They go on-the-job training. In the past, these people have trained with us, have become recognized industrial hygienists and then have been hired by industry.

[5:45]

This has sort of accelerated in the last few years. As industry becomes more aware of the problem, they are looking for industrial hygienists and we've had this problem of high turnover of staff. As Dr. Fitch says, we have people in British Columbia, who have been with us, and we have them out in Newfoundland. These are people who worked with us. We have people in Alberta who worked with us, we have people who are in Nova Scotia who worked with us; and we have quite a few in industry in Ontario.

It's on-the-job training. It's not that the come in for a few weeks and we taught them at that time.

**Mr. Bounsall:** When did you start to view yourself as a training area, or was it all sort of inadvertent? You sighed again when you lost yet another engineer.

**Mr. Nelson:** What Dr. Fitch was explaining was that we recognized the fact that people in industry should have some training and experience in recognition of occupational health hazards. This was a program started in 1968, so we did present some courses for industry in 1968, 1969 and 1970. It was at that time that it was considered we were spending too much time training, even though it was only once per year.

They were discontinued until this 1971 date I gave you, when we did take on quite a few new staff members of our own. We felt maybe they should have some of this training we had done before, but on a more formal basis rather than sitting down and talking to them. That was the type of course we presented.

Right at that time there were some new initiatives going on within the Ministry of Labour and we invited them to send inspectors to this course in 1975. That just sort of mushroomed so that we did give—I think—was five courses, the last one in June, 1976. We are talking of between October, 1977 and June, 1976, when we gave five courses. It was during that period of time, so that we could get out of the business of spending so



rich time in this, that negotiations began with Humber to have them start presenting courses.

**Mr. Bounsall:** The people at Humber were in fact your employees?

**Mr. Nelson:** No. They had a course there, which was occupational safety technology. They wanted to add occupational health to this course. It was then they began presenting it. Dr. Tidey had been on their advisory committee for some years. I became a member of their advisory committee and we were working very closely with them on this particular course, or in this particular subject as they call it now.

**Mr. Bounsall:** They use people other than those who are, currently at least, within your division?

**Mr. Nelson:** We assisted them in the teaching, yes; primarily in the initial stages.

**Mr. Bounsall:** Do you see developing within your occupational health section an educational group that helps to advise on courses, as well as giving courses; and which devises other courses? Do you see that as a job of your division?

**Mr. Nelson:** I don't think we will be prepared to serve on too many, but we will on some advisory councils, I suppose, or advisory committees. We don't want to get into this too much. We will provide, again, teaching on a limited basis, but teaching is not our primary objective now. We have had and we will have, among some members of our staff—I think it's four of us right now—appointments at universities as assistant professors, unpaid albeit.

**Mr. Bounsall:** Unpaid?

**Mr. Nelson:** Unpaid.

**Mr. Bounsall:** I can see you being called adjuncts, but getting paid as well for the courses you give. You need someone from the mediation branch.

**Hon. B. Stephenson:** In fact, by the end of the year there will be three new members of the staff—training staff actually—who will be actively involved in the expansion of the educational programs; not only our training programs but the educational programs which will be provided in the community colleges.

**Mr. Bounsall:** Three before the end of the year?

**Hon. B. Stephenson:** Yes.

**Mr. Bounsall:** Are these people here yet; are they going to start that new function?

**Hon. B. Stephenson:** They haven't quite arrived yet, but they're en route.

**Mr. Bounsall:** It sounds as if you are going to have an apparent educational component within this—

**Hon. B. Stephenson:** It's not an "apparent" educational component; it's a real educational component. It won't necessarily involve Mr. Nelson specifically, but it will involve people who are educated and trained and capable of assisting in the development of curricula and also assisting in teaching.

**Mr. Bounsall:** They won't necessarily be in the occupational health division?

**Hon. B. Stephenson:** Actually, they're going to be in the standards and programs branch, which will take that over completely, with the co-operation of the occupational health division.

**Mr. di Santo:** I would like to ask two marginal questions. Is this program funded by the lottery?

**Hon. B. Stephenson:** No, this has not been; and the training programs, or the expertise which I'm talking about right now, is certainly not being funded with lottery funds.

**Mr. di Santo:** Which program?

**Hon. B. Stephenson:** But there are educational programs which have made requests for lottery funds, related both to community colleges and universities. Those are being examined right now by the peer groups to try to decide which are the most appropriate and which will do the best job of improving the educational facilities in the province in the area of occupational health specifically.

**Mr. di Santo:** And you cannot tell us to what extent they rely on lottery funds?

**Hon. B. Stephenson:** These programs that we've been talking about? They don't rely at all on lottery funds at the moment; the community colleges which have evinced an interest in adding these programs to their curricula have not necessarily applied for those funds; but there are other educational programs. I can't tell you all of them because I haven't seen all of the requests. There are specific requests for expansion of educational programs for all levels of people involved with occupational health, who have made requests, or at least whose requests have come in to the lottery funding program.

**Mr. di Santo:** Do people from industry attend your programs?

**Hon. B. Stephenson:** Do you mean from the management side?

**Mr. di Santo:** Yes, from the management side.

**Hon. B. Stephenson:** Yes.

**Mr. di Santo:** And from the workers' side?



**Hon. B. Stephenson:** At Humber College there have been both sides, yes.

**Mr. Chairman:** Madam Minister, how many more questions do we have?

**Hon. B. Stephenson:** The one which really flows from Mr. di Santo's remarks was the question Mr. Laughren asked: "Given the existing shortage of trained personnel in the occupational health and safety field, what is the ministry doing to increase the number of people in this area?"

What we're trying to do is to improve the educational facilities and programs in order to develop, or allow more people to develop, expertise in this area so that we will have an increased number of trained personnel. Do you want to expand on that, Rod?

**Dr. May:** Yes, it isn't really the purpose of the division to establish education and training programs and devote its activities to that. There are already existing agencies for this—the community colleges and the universities. It's to this purpose that we've applied a large amount of the lottery money we've received.

From those educational establishments, we've had six major proposals to set up comprehensive programs in occupational health and safety, covering the needs of physicians, nurses, hygienists, technicians, health physicists and almost every category that you can think of.

There have also been five other proposals to develop resource centres in some of the smaller universities which don't have the total expertise available to them. They are proposing to do this in conjunction with some of the major programs, to use some of those people to talk about it, to spread a sort of training network right across the province.

**Mr. Bounsall:** Could you expand slightly on those six, or some of them? I gather nothing's been granted yet. Is that correct?

**Dr. May:** Yes.

**Mr. Bounsall:** And you've got six "major", applications for training?

**Dr. May:** Yes.

**Mr. Bounsall:** By the way, who makes the decision on that sort of thing, whether there'll be six programs or which of the six major ones gets funded?

**Hon. B. Stephenson:** A granting committee.

**Dr. May:** There is a lottery fund granting committee which makes the final decision. But before it gets to them there are two review groups that take these proposals and analyse them; look at the funding, the types of personnel proposed and the type of program proposed; and then they recommend which proposal is best going to meet the

needs of the group it is intended to serve. They are all people involved in or related to occupational health, people who have the expertise and can evaluate the proposals.

**Mr. Bounsall:** What sort of programs have come in? Are they programs in the area you have mentioned—such as a course to update nurses or a course to update industrial hygienists? Or are they something quite different?

**Dr. May:** I'll mention some of them. They include a proposal for a program for graduate education in industrial safety and hygiene; a proposal for the development of an industrial health and safety technician program; a proposal for safety training modules; a proposal to develop a course in occupational health nursing; a series of workshops on hearing conservation; a proposal for manpower training and applied research in occupational health and occupational health engineering—

**Mr. Bounsall:** Is that at the undergraduate level or at graduate level?

**Dr. May:** Graduates and post-graduate. There is a proposal to develop a program in occupational education and training; a proposal for an occupational health program; a proposal for occupational health and safety education; and a proposal for manpower training and development in occupational health and safety.

**Mr. Mackenzie:** When did these proposals develop?

**Dr. May:** They have been developed over the last three months.

**Mr. Mackenzie:** They are not a response, then, to the minister's speech in Kingston a couple of weeks ago when she was outlining them—

**Hon. B. Stephenson:** No, they are not. They are in response to requests that were submitted to all of the institutions we could think of, the institutions that might be interested in making proposals; some of them are requests that came in unsolicited from various institutions as well, about the possible application of the funds that would be available to us for educational purposes.

**Mr. Mackenzie:** Is there a positive response to these program suggestions?

**Hon. B. Stephenson:** Yes, there is a positive response but I don't think the review committees have decided yet. The review committees have not made a final decision and their recommendations will go to the granting committee for the final decision.

**Mr. Bounsall:** What are the dates on the

**Hon. B. Stephenson:** I am hoping that in this area we will have some by the end of November.

**Dr. May:** We would like to do it by the end of October.

**Hon. B. Stephenson:** By the end of October? That is nice.

**Dr. May:** In addition to those actual programs, there have also been applications from individuals who want to take on programs which are already established. As an outcome, there is a diploma of industrial health program already existing at the University of Toronto. There have been several people who have applied for funding for it; and several others who want to go to courses at Harvard; and there is one who is ready on the program in the United Kingdom.

**Hon. B. Stephenson:** We have already granted one to a steelworker, as a matter of fact, who is on a program.

**Mr. Mackenzie:** This may not be a very tight question, but if there is a shortage of personnel as you indicated in your speech, why did this program not develop within the schools themselves? Why would people not have taken a look at this field, if we are so short in this country of trained personnel? Why do we now have to initiate this kind of program?

**Dr. May:** It is not just this country. All countries have had the same problem.

**Mr. Mackenzie:** But obviously we are well behind the United States, for example. The number is quoted by the minister.

**Dr. May:** They do not have that many programs in the United States.

**Hon. B. Stephenson:** But they are ahead of us.

**Dr. May:** They are ahead of us.

**Mr. Mackenzie:** It would seem to me to be a field that people would be interested in moving into.

**Hon. B. Stephenson:** Yes.

**Mr. Bounsall:** They have 30; we have three; and you say we need 106. That part of your speech was quite impressive, Madam Minister.

**Hon. B. Stephenson:** That's a fact.

**Mr. Haggerty:** She had a good speech-writer.

**Hon. B. Stephenson:** The final question to be answered was: "What's the division doing about establishing a data bank of employees' exposure records?" I believe we've answered that.

**Mr. Chairman:** Members of the committee, it's now 6 o'clock. We'll adjourn until Wednesday morning. We have five hours and 15 minutes left on the Labour estimates. Would the committee be willing to resume sittings at 9:30 instead of the usual hour of 10 o'clock on Wednesday morning so that we can clean these estimates up as quickly as possible? Is everybody in favour?

Agreed.

The committee adjourned at 6 p.m.

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#### Ministry of Labour officials taking part

Armstrong, T. E., Deputy Minister

Cleverdon, K., Director, Occupational Safety Branch

Fitch, Dr. M., Director, Special Studies and Services Branch

May, Dr. R., Assistant Deputy Minister, Occupational Health and Safety Division

McCrodan, P., Director, Mines Engineering Branch

McNair, J., Director, Industrial Health and Safety Branch

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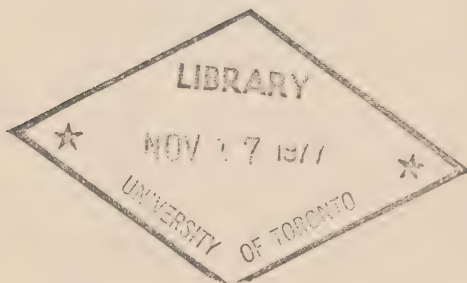
No. R-19

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Labour



**First Session, 31st Parliament**

Wednesday, October 26, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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# LEGISLATURE OF ONTARIO

WEDNESDAY, OCTOBER 26, 1977

The committee met at 9:45 a.m.

## ESTIMATES, MINISTRY OF LABOUR (continued)

**Mr. Chairman:** Members of the committee, ladies and gentlemen, when we adjourned on Monday, October 24, we were on vote 2304, item 1, under the occupational health and safety program.

**Hon. B. Stephenson:** Okay, but we have been discussing items 1, 2, 3, and 4.

**Mr. Laughren:** How many are on your list now, Mr. Chairman?

**Mr. Chairman:** We have Mr. Mackenzie, Mr. Haggerty, Mr. Bounsall, who isn't here, Mr. di Santo, Mr. O'Neil and Mr. Laughren. I might add that we still have five hours and 15 minutes left under these estimates.

**Mr. Mackenzie:** Next time round I'll know better, Mr. Chairman. I was little light on the times. There are a couple of things I want to raise. First, in this budget that's been set, just when did you take over, Dr. May, as head of this department, occupational health and safety?

**Dr. May:** December 1976.

**Mr. Mackenzie:** Did you have some input into that budget or was it already arranged so you had no chance to make any particular changes?

**Mr. Armstrong:** Dr. May, if I may say, because I'm afraid he'd be unduly modest about it, had a very great and constructive input into that.

**Mr. Mackenzie:** I just wanted to be sure that we haven't somebody taking over who really hadn't had a hand in the budget to begin with.

I'm wondering if you can tell us how often workers have asked to accompany the inspector when an inspector has gone to investigate a complaint in the work place, and if there has been any problem with this at all?

**Hon. B. Stephenson:** No problems. Keith?

**Mr. Cleverdon:** No.

**Mr. Mackenzie:** You've had no problems raised with you on this issue? Madam Minis-

ter, have you designated any committees under Bill 139 to date?

**Hon. B. Stephenson:** To this point, no. There are seven requests under consideration at this point.

**Mr. Mackenzie:** We haven't had any committees designated at all? Any particular reason why not, or why the holdup on the seven?

**Hon. B. Stephenson:** I don't think I'd call it a holdup, Mr. Mackenzie. What we're attempting to do is examine the state of the co-operative mechanism in the areas in which the committees have been requested, and to determine whether indeed the records of those companies is reasonably good or otherwise, and to look at all of the criteria which are set out certainly within the Act, and to determine whether indeed it would be helpful to establish the committee in that situation or whether it would be unneeded.

**Mr. Mackenzie:** Clearly, a request from workers to establish one, in itself is not good enough then? You've got to take a look at all of the other factors?

**Hon. B. Stephenson:** That's what the Act prescribes.

**Mr. Armstrong:** I think perhaps it should be added, if I may, Madam Minister, and others can speak in more precise terms to this, but in a number of a situations where a request has been made an officer has attended and the parties themselves have come to a resolution of the problem, either by the creation of committees on their own without the necessity of ministerial intervention or otherwise. Frankly, the intention always was to encourage parties to come to their own resolution rather than to have committees imposed upon them.

**Mr. Mackenzie:** This is one of the differences we have in our presentation. We think there should be committees in all of the major work places. Certainly it is not necessarily the case; it is also not always easy to establish one. You can run into problems even within your own group on the establishment of a committee. When we get into debate on the new bill we'll have



something to say on that, but I don't want to take up the time here.

What are we doing about—or are we even thinking about—prohibiting advance notice by government inspectors to the employers when they're going to visit a work place? Are we doing any checking at all without an advance notice to management?

**Hon. B. Stephenson:** This happens in all three divisions, that there are inspections without advance notice. In some situations it's easier to carry out the inspections without notice than in others because there are problems with some, but I don't think there are any particular—

**Mr. Mackenzie:** Wouldn't it be a general practice that we would do it without advance notice in almost every case if we're trying to get an accurate picture?

**Hon. B. Stephenson:** That is the general principle.

**Dr. May:** That's the general principle.

**Mr. Mackenzie:** You're telling me that is going on, then, we're not notifying them in advance?

**Mr. McCrodan:** We are going to have a problem in the mining area, because in order to get hold of the committee member we're going to have to give advance notice to make sure that the fellow is available. Otherwise he'll be a mile-and-a-half underground and us mile-and-a-half up somewhere else and we won't be able to catch up to him. He could arrive at 6 or 7 in the morning and we could arrive around 8.

**Mr. Mackenzie:** I'm glad that you clarified that, because my information was that there was advance notice, certainly in the mines.

**Hon. B. Stephenson:** There hasn't been.

**Mr. McCrodan:** There hasn't been. No, there is not normally now, but I think it's going to be very difficult to get the safety and health representative to go with us in all cases unless we do have some kind of an advance arrangement, because he has to be taken from the work force, from that group, and if you take an experienced man from a team in a heading you're leaving the other fellow with a catch-as-catch-can for replacement. I think it's more of a hazard to do it that way than it is for the few moments that you do give anybody advance notice. They certainly should have to get it at the beginning of the shift so that they hold the man back from going underground into his work place.

**Mr. Haggerty:** Are all the parties notified at the same time? You just don't send a letter to management about it, do you?

**Mr. McCrodan:** We don't send a letter we phone them.

**Mr. Haggerty:** You notify the safety committee then too?

**Mr. McCrodan:** Yes, they have to be notified. Actually, we probably have to notify them in advance to make sure that the fellow is on that shift, or that the man is available, and to find out who it is. We don't know all of the fellows who are available, with holidays and other things. You have to find out who's available, who's the safety and health rep who is available on that beat and then get that man out.

**Mr. Mackenzie:** As long as there's a understanding there, it doesn't make much of a difference in notifying time. If you've got a particular operation where there are some problems, if there's a lot of lead time to one party or the other you're not going to have necessarily an accurate reading.

**Mr. McCrodan:** No, it would be less than 24 hours.

**Mr. Mackenzie:** You can do an awful lot in 24 hours.

**Mr. McCrodan:** I'd like to think you can but I don't think it's right. I don't think that they do, anyway.

**Mr. Mackenzie:** I take it, Madam Minister from your statement in the House, that it's not your intention to extend the coverage under this bill any further at this point in time?

**Hon. B. Stephenson:** Not before the introduction of the bill, Mr. Mackenzie. The extension of coverage is certainly one area that we've been looking at very carefully and we agree that there are areas into which the bill should be extended. We also understand the concerns of specific employees and employer in that area that they be represented on committee, and advisory council, something of that sort, which would be working with the ministry to facilitate the extension of coverage. We felt it was important to get the basic bill in place first and to work on the extension of coverage actually as an extension of the bill, but the bill certainly does permit us to extend it.

**Mr. Mackenzie:** What about the situation that I raised with you about the brewer workers who are on delivery?

**Hon. B. Stephenson:** That's not limited to brewery workers, as you're very well aware.

**Mr. Mackenzie:** But I specifically raised that issue.

**Hon. B. Stephenson:** The delivery system is one of the areas which is on the list

of extension of the provisions of the bill. One of the high priorities as well is agricultural workers. This is another area which I think is extremely important, which I think we have to develop as well as possible. The thing we want to do is to do it in co-operation with the employees and the employers in that specific work area, in order to make sure that the extension is appropriate and proper and meaningful for any one of them.

**Mr. Mackenzie:** Madam Minister, I raised an issue with you. You recall it probably, I got a letter back from you, but it hadn't been an item on the bargaining table. This probably is accurate, considering the first two short paragraphs of this letter, but I want to read you the last two paragraphs from the letter that I have from Gordon Plenderleith, who is secretary-treasurer of 326 here in Toronto.

"I would like to say that the fact that Bill 139 does not cover our members while on delivery is of great concern to us. We are obliged to make these deliveries to many outlets that are extremely unsafe because of age, construction, et cetera, and due to the delicate area involving the Brewers Warehousing Company as it applies to its obligation to 'service,' we are continually having confrontations with the employer and hotel people which can and do run to discipline in one form or another for our members.

"It would please us greatly if you could assist us here with the minister; and while we are aware that nothing is simple—above all, when dealing with the government—it seems logical, at least from our point of view, that since all of these outlets must be licensed by the provincial government, and that licence is only maintained or issued if the premises meet certain specifications in which the public is to be assured safety while they are in the building, then it should only follow that anyone who has to work in or for that place of business should be afforded at least the same consideration.

"We would be prepared to play any role in this matter that is necessary. Please allow me to once again say we are sorry if you were misled, but we greatly appreciate your help in getting us the coverage that is necessary."

I don't know why there should be any holdup in a situation like that whatsoever. In further checking, I find that there may be some dispute from management side, but the majority of their accidents and problems with the workers have been at the delivery end.

**Hon. B. Stephenson:** One of the difficulties

is the definition of work place, which is a major obstacle that has to be overcome in terms of writing legislation and regulations. There isn't any doubt that there are a number of other workers involved in the same kinds of problems as those delivery-men.

**Mr. Mackenzie:** Certainly deliveries relating to their job should not be too hard to define. It's an obvious case for coverage without delay, it would seem to me.

**Mr. Armstrong:** On that question, Mr. Mackenzie, you understand, of course, that as soon as the delivery driver enters the gate of a factory, shop, office building, or a construction site he is covered, because he then is within the confines of a work place as defined in the Act. Gordon Plenderleith's letter is probably referring to deliveries to licensed premises, and there may be a question as to whether a licensed premise to which brewery workers would be making deliveries is within the definition.

**Mr. Mackenzie:** If that is the case, and if they are, we would certainly like to know. They are certainly under the impression that they are not.

**Mr. Armstrong:** Generally, since for some historical reason, which is perhaps difficult to understand, hotels and restaurants have not been included in that, his problem may be a real one. However, it would be inaccurate to say that it applies to all truckers.

**Mr. Mackenzie:** Is there any reason why we can't extend it, in cases like this rather quickly, Madam Minister?

**Hon. B. Stephenson:** Yes and no. There is no reason why we can't extend it. As I said, what we want to do is to extend it in a way that is going to serve the workers to the best possible purpose and also be enforceable, really, within the provisions of the Act. There are some complicating factors. The chairman has just reminded me that in some localities, deliveries, particularly made by Mr. Plenderleith and his group, are made on the sidewalk. That may pose a problem as well.

These are complicating factors which we think have to be worked out with the employers involved and the employees involved. That is our intention.

One of the subcommittees of the advisory council will be looking very carefully at the mechanisms for facilitating extension.

[10:00]

**Mr. Mackenzie:** What kind of time-frame might we be thinking of here, because I have heard nothing? I understand that all things are not easy but it seems to me the basic request for that kind of coverage is just



so indisputable; it is very difficult to understand delays.

**Mr. Armstrong:** The question of pursuing coverage is not awaiting the passage of the bill concurrently with the legislative process. We are now exploring the means of entering into discussions.

One of the difficulties in some of the areas—for example, with agricultural workers, where there is no organization or no institution of employees to which you could readily go—is how to solve the problem of consultation with employee groups. It is not an insuperable problem but it is one we are working on. Speaking for the staff of the ministry, we do not intend to await the passage of this bill in order to come up with a position as to the appropriate regulations for coverage.

**Mr. Mackenzie:** Are you saying then that we might expect some of these groups to be covered at a reasonable date in the future?

**Hon. B. Stephenson:** If you are suggesting that a reasonable date would be within the next six weeks, I do not think that is possible. But I do not think it is going to be an unduly long time before some of the groups are covered by extension.

**Mr. Mackenzie:** Looking at the figures for the staff of this department—occupational health and safety—I was given the information that when the department was first established, about 150 people were involved in transfers from other ministries, et cetera, into that jurisdiction. Is that roughly the staffing that we had?

**Hon. B. Stephenson:** One hundred and sixty. You are almost right, yes.

**Mr. Mackenzie:** Did you find that was an adequate staff or is it not yet a full complement?

**Hon. B. Stephenson:** It is certainly not yet a full complement. There have been additions since then.

**Mr. Armstrong:** You correct me if I am wrong, Rodney. One hundred and sixty eight were inherited from the Ministry of Natural Resources and the Ministry of Health; and to that figure were added: In mines, 47; in occupational health a total of 38, 17 and 20. Is that correct?

**Dr. May:** Thirty eight and 17.

**Mr. Armstrong:** Thirty eight and 17, making 55. So to the inheritance from the Ministry of Health of 112 there were added 55. To mines there were added 47.

**Mr. Mackenzie:** Has there been any recent move to reduce or transfer people out of this department?

**Hon. B. Stephenson:** To transfer them out of the department? No.

**Mr. Armstrong:** You are familiar with the government's constraint exercise? Each of the ministries is required to find a certain number of positions which, with any luck, can be handled through attrition to reduce the overall size of the government establishment. We are now engaged in the exercise of making our modest contribution to that.

**Mr. Mackenzie:** Is that to the extent of 17 or 18 people?

**Mr. Armstrong:** The numbers have not been identified. The basic target is really in dollar terms, 2.7 per cent of the budget for next year; and depending on the level at which those positions are located, the numbers will vary ministry by ministry.

I might also say that ministries that find themselves unable to meet that target, have been told by the central agencies that they're entitled to come and ask for exemptions. It may well be, because of our modest allotment in dollars and people, that we'll be among those going to the Management Board and asking for special dispensation.

**Mr. Mackenzie:** Certainly, because the initial reaction I thought I got from the minister, when I asked whether we had everything we needed, was that this is a department still being developed. There are certainly a lot of things we're going to have to do. The fact that we might be looking into it at a time when we have just set it up and are then cutting it back 17 or 18 people, just doesn't make any sense to me at all.

**Mr. Armstrong:** We may ask you to join us in our submission.

**Hon. B. Stephenson:** In terms of the efficient function of the division, whatever modifications are made will have the least possible implications for occupational health and safety.

**Mr. Mackenzie:** Two other small points. The workers—certainly, in some of the steel mills—feel pretty strongly that they should have some right to appeal to disciplinary procedures after an inspector has ruled a job safe. I'm wondering if you have any comments on that. They feel that they should have the right to appeal an inspector's ruling and that their job should be protected in the interim.

**Hon. B. Stephenson:** Do you mean that after the decision has been made by the inspector the right to refuse is not justified on the basis of health or safety hazards?

**Mr. Mackenzie:** Well, you understand that several of those rulings are disputed.



**Hon. B. Stephenson:** Yes.

**Mr. Mackenzie:** When the dispute is by people who are working on the job, I think it should carry some weight.

**Hon. B. Stephenson:** The director of the branch can most certainly examine the situation as well. I suppose that could be construed as a mechanism of appeal.

**Mr. Cleverdon:** May I comment on that? Both Acts say quite clearly that any person may appeal any decision or order of any inspector to the director, made under the Industrial Safety Act or the Construction Safety Act.

**Mr. Mackenzie:** Or under section 3.

**Mr. Cleverdon:** So the decision is made and it's not in contravention of the Act, for example. They could not likely appeal the unsafe decision; that's in Bill 139 and it is normally tied to a contravention. So if that's the decision, it's not in contravention; if they dispute that decision, they can appeal right now to a director.

**Mr. Mackenzie:** One final thing: I've talked in the last few days to a number of the chaps who have been testing the respirators being used on some of the coke oven operations. I'm wondering if you've had any comments or complaints about them.

**Mr. McNair:** There have been discussions between the various companies and the unions, which is the Steelworkers in this case, as to the wearing of these respirators. I have not been aware that somebody is specifically concerned beyond reviewing it with their employer, that there is a problem regarding the type of respirators or the effectiveness of them. Nothing has come through in that regard.

**Mr. Mackenzie:** I think that's something you should check into fairly quickly. Experienced and long-time men on the coke ovens—I'm talking now about in excess of 14 or 15 years seniority in that operation—tell me that if they go up 40 or 50 feet on a ladder wearing one of those, it's almost impossible to work. They just can't function efficiently with the respirators that they're checking out.

**Mr. McNair:** That information hasn't come through to us. It may have gone to the union which discussed it with the company, but it hasn't yet come out in the discussions.

**Mr. Mackenzie:** I'm not sure how formal it is yet, although I suspect from John Lennie and his group that they'll be dealing with it. But I have been talking with the actual fellows on the job. They have been out to my constituency office; and it is a problem.

**Mr. Haggerty:** I want some assurance from the minister that this new occupational health and safety program is going to cover all areas of employment in the province of Ontario.

I am concerned because I think there are areas at the present time where there is some confusion as to who is responsible for providing safety measures for employees in Ontario. I was interested in making an appearance at the Workmen's Compensation Board and I noticed—

**Mr. Laughren:** You spoiled our morning. You didn't have to say that.

**Mr. Haggerty:**—that the window cleaners working around the 21st floor were lifting scaffolding with no safety latch, on either the mechanical or manual lift. It could be block and tackle or a mechanically operated hoist. There was no safety latch at all on the hook which carried that scaffold. I am not sure whether there were any regulations that applied to this.

**Mr. Armstrong:** That is a matter which has been before the ministry and discussed by the Labour Safety Council. Mr. Haggerty, I agree with you—it is an area which requires attention.

**Mr. Haggerty:** Why has it taken so long for that attention to bring in some safety regulations? If you happen to work in the industrial field it applies, you have to have the safety latch, or put a wire binder round it so that the sling doesn't jump above the hook.

**Mr. Armstrong:** I am subject to correction here, but the problem again relates to the definition of work place in the Industrial Safety Act which technically does not cover these operations; and that is a matter of concern.

**Mr. Haggerty:** The other area I wanted to discuss is the matter of the gas drilling that is going on in Lake Erie at the present time. Apparently, there are very few safety regulations that apply to this type of employment. I am concerned about a particular case where a young fellow was fatally injured. He was a diver using the small tanks, in that type of a diving area. He was, apparently, diving at one of the wellheads—when the vessel working as the tender in the area came back from another well, unknown to the diver below who came up and was caught in the propellers.

I have a letter from the Minister of Natural Resources (Mr. Miller) and in one paragraph he said: "Nevertheless, the accident is of great concern to myself and to my staff. I have directed the supervisor of petroleum resources to prepare diving regulations to be

finalized no later than the beginning of the 1977 drilling season. I am not aware of any regulations that apply to this type of work involvement."

I have a copy of the inquest hearing, and there is some discrepancy of opinion as to where this person coming out of the water should land on the vessel. One can readily see that there is a ladder at the back, right over the propeller of the vessel; this is where that person had to come up out of the water. The driver sitting at the wheel cannot see that person at the back coming out of the water. To me it was a needless loss of life, just because there were no safety regulations that apply to it. Whether or not there are any safety inspections done in that area, I don't know. I am not aware of it. But there have been other accidents out there.

Hon. B. Stephenson: No inspections are made by the Ministry of Labour of the province of Ontario, because it does not fall under our jurisdiction.

[10:15]

Mr. Cleverdon: The Construction Safety Act applies to wells, except for oil and gas wells—they are left out by exclusion in the definitions, I think in section 2. I have to check that section number, but that one was investigated by our staff to find out. We feel that it's likely under federal jurisdiction, taking place within the confines of Lake Erie, which is under federal jurisdiction, but we did investigate it.

There are no diving standards under the Construction Safety Act as such as yet, but what we are recommending they do is to comply with a CSA standard called Z275.2, which is a safety code for diving operations for commercial diving, and if we have jurisdiction over the diving operation, we insist they follow that code.

Mr. Haggerty: I am not sure there are even federal regulations that would apply to this type of work involvement.

Mr. Cleverdon: I can't answer that. I am sorry.

Mr. Haggerty: According to the statements in the inquest, there are no regulations whatsoever. They are lacking. I think the province has some control on it because, after all, the leases come from the province. It is not a federal matter as far as I am concerned.

Hon. B. Stephenson: I am not too sure that that's entirely accurate, but we will most certainly look at this specific problem. I wonder, Mr. Hess, can you enlighten us about that—

Mr. Hess: I haven't looked into it, Madam Minister. I think there may be a problem in that connection. I don't know whether this

particular work—if this was a gas line or an oil line—

Mr. Haggerty: It's a well located in the bottom of the lake and the attendant had to go down and, I guess, do some work below; when he came up, apparently, this vessel was over—

Mr. Hess: I would have to look into that. I don't want to evade your question. I cannot give you a direct answer on that. I do know that in some cases where there are gas and oil pipelines, they have been declared to be works for the general advantage of Canada by the federal authorities, which would remove them from provincial jurisdiction.

As to the actual well itself, that, of course, I think might well be within provincial jurisdiction, but when one thinks of, "Where does the well stop and the line begin?", that's a matter I would have to look into, sir, before I could give you a definite answer on that.

Hon. B. Stephenson: None the less, the construction safety branch has had some concern because they have looked at this and they have made some recommendations which we shall be pursuing.

Mr. Haggerty: The letter I was quoting from was from the Minister of Natural Resources on February 14, 1977, and he kind of assured me that there would be regulations that would apply to this type of operation. I am just wondering that apparently there aren't any, then. There are no—

Hon. B. Stephenson: There are some standards which have been set by CSA for diving operations, and perhaps that's a portion of it, but with this notice we will examine the problem.

Mr. Haggerty: The other area that I want to discuss, Mr. Chairman, is the matter of the lottery funds that the minister has apparently received already upon request of \$2.5 million. I was just wondering—

Hon. B. Stephenson: No, we haven't received them. They are being held in account and they will be disbursed upon the recommendation of the grants-awarding committee.

Mr. Haggerty: You haven't got it yet?

Hon. B. Stephenson: We don't have the money in our hands, no.

Mr. Haggerty: How are you going to continue with these programs you were telling us the other day you are going to get involved in?

Hon. B. Stephenson: As soon as the decisions are made about which grant should be made, the money will be disbursed from the central fund. We have been allotted



\$5 million. That allotment will be paid out as the grants are awarded.

**Mr. Haggerty:** In other words, it could be another six months before we come in with any plan of research at all that relates to occupational health.

**Hon. B. Stephenson:** No, by the end of October we shall be making some announcements because the grants-awarding committee will be advising me of their decisions about which programs should be funded.

**Mr. Haggerty:** Then can you assure the committee that this will be sufficient to carry out the research that is required as it relates to occupational health hazards?

**Hon. B. Stephenson:** Mr. Haggerty, I would have to tell you that if you talked to researchers in any area, but particularly the health area, whether it's occupational or otherwise, they will be happy to let you know that there will never be enough money in the world to fund all of the research that they consider to be absolutely essential in the improvement of human health.

What we are attempting to do is to apply the funds appropriately to those problems which we see as the most urgent within the province of Ontario, and to continue to do so until eventually somewhere down the line we have some attack upon all of them.

**Mr. Haggerty:** I was just going to suggest to the minister that I think perhaps you would be going for more than that, because I think within the area of occupational health there are many areas that require research. As Mr. Mackenzie, the member for Hamilton West, stated, I think that on the matter of the coke ovens, the matter of heat and the stress on the worker himself, we lack the research.

I think there should be an all-out effort by your ministry that must apply now to this new bill that you have before us. I don't think you can just single out one or two areas. I think it's got to be a continuing program of research—

**Hon. B. Stephenson:** That's exactly what is, Mr. Haggerty—continuing.

**Mr. Haggerty:** —in which we don't have to wait till funds are supplied from the ministry responsible for the lottery. I think this is the responsibility of your ministry and the industry, to see that we have a comprehensive program of research in occupational health in Ontario. We shouldn't have to wait for a game of chance, because I think as you get deeper into the bill that's going

to be introduced here, you're going to have to have a complete cataloguing and data on all persons in the province of Ontario.

**Hon. B. Stephenson:** Mr. Haggerty, we're going to do that without recourse to lottery funds. That's a part of the ministry program.

**Mr. Haggerty:** Good. I'm delighted to see that you're moving in that direction. That's all I have.

**Mr. di Santo:** I'd like to confine my remarks to the construction safety problems as related to the Italians, and specifically to the project undertaken by the Ministry of Labour in 1974.

At that time the then Minister of Labour, Mr. MacBeth, set up two committees, a steering committee called the New Canadian Workers Safety Research Project and an advisory committee with the purpose, as he said in his press release, of learning the problems of immigrant workers and making them aware of their rights and responsibilities, vis-à-vis safety.

As I understand it, the two committees have been alive for a while. At one point they asked Professors Sidlofsky and Hellman to inquire on the best way of implementing safety regulations among immigrant groups, and specifically among the Italian workers. What happened since then is that in October, 1975, Professor Sidlofsky and Professor Hellman presented a report with a series of recommendations.

As far as I know, there has been no specific action taken by the Ministry of Labour, if we exclude a program of advertising in Italian newspapers and radio and television programs, suggesting you call a number where a girl would give you the information in case the workers had complaints on the work site.

I think that last year we explored the results of this specific program and I think that the minister herself admitted that it was a failure for several reasons.

**Hon. B. Stephenson:** No, I didn't.

**Mr. di Santo:** You said there were only a few calls, if you recall—

**Hon. B. Stephenson:** It certainly wasn't a failure, though, Mr. di Santo.

**Mr. di Santo:** You said there were only a few calls and of the calls that came to the switchboard, only a few, if any, were related to safety problems.

**Hon. B. Stephenson:** That's right, yes. I don't think you can construe that as a failure in that there were a number of other calls which came and which we were able to provide service in—

**Mr. di Santo:** We can switch the words the



way we want, Madam Minister, but if the program was directed towards encouraging the workers to solve their safety problems on the job and it didn't work in that respect—and I'm not suggesting that it was the minister's fault—then it was a failure from that point of view.

Hon. B. Stephenson: I still disagree with your choice of words.

Mr. di Santo: A difference of opinion.

I think that telephone number is still there. I don't think that it's used, though, because, as I said before, it didn't respond to a specific need. In fact, I suggested last year that the way it was organized it couldn't possibly reach the goal of encouraging the construction workers to come ahead and report on possible safety regulation violations. In fact, it's extremely difficult for a worker to ask his foreman to go to a telephone booth and call the ministry if there is a possible violation of the safety regulations.

At that time we expressed our scepticism on that program, and I think that the results proved we were right. Of course, this is no consolation for us because in the meantime we know that the rate of accidents on construction sites has not decreased. This year we have the same usual annual number of people who died on the construction sites. The most recent one lost his life because of an accident on the construction site only two weeks ago.

I think that this program, as it was devised at the beginning, couldn't possibly solve the problems of safety among immigrant workers. It was a program directed to the Italians but from the conclusions of Professors Sidlofsky and Hellman we know that it could have been equally applied to other immigrant groups in the construction industry, especially Portuguese whose working language was not English.

[10:30]

I think that the Ministry of Labour set up this program as a form of tokenism because in effect it has never given attention or staff or money to have this program implemented properly. There are the few advertising programs, but I don't think they are the only form of safety educational programs available. Professor Sidlofsky and Professor Hellman made a series of recommendations and only some of them—I don't want to say none of them—were marginally implemented—like, for instance, using videotapes in the hiring halls. There are some basic programs that came out during the study. For instance, Sidlofsky and Hellman said, and I quote:

"The research uncovered many suspicious and reported personal experiences which attest to a general lack of faith on the part of the work force in existing inspections and reporting procedures and practices. The most frequently voiced complaints concerned inspection personnel who visit on the work sites infrequently, whose inspections are often less than thorough and whose appearances seem to be known in advance. The Ministry of Labour personnel, although reported, are very rarely seen on the work sites and were generally exempted from the most serious complaints. Many labourers also voiced complaint with respect to the varying competence and zeal of their own Labourers' International Union of North America stewards in the matter of moving the reports of contraventions of safety regulations through the proper channels."

I think that this is a very serious sector. I don't know if the findings of this study have been analysed by the ministry or not, but I'd like to know whether there has been any change recently in this specific area.

I understand that the last time the two committees, the steering committee and the advisory committee, met was in September 1976. It was a combined meeting. At that meeting it was proposed by the ministry that there should be only an advisory committee, set up with staff people from the government. Since then, as far as I know, we've had no word whatsoever from this committee. I think that the original idea of having a steering committee with the participation of people other than the staff of the Ministry of Labour was intended to try, first, to understand the complex problems that the immigrant workers are faced with in the construction industry, and second, to try to work out together some solutions taking into account also cultural and language problems related to the problem of safety. Language problems are paramount, according to the report submitted to the ministry by Sidlofsky and Hellman.

I'd like to know why it is that the ministry or the minister—and I'd like to know who made the decision—changed their mind at one point, and decided to change the whole program and, in effect, to scrap it.

What has been the cost of the program? I think that this program has been quite costly. I don't see the apparent results and I'll be glad to hear from the minister what kind of results she thinks that we had from this new experiment in the safety field. I'd also like to know why it is that recommendations of Professors Sidlofsky and Hellman were not implemented. Finally I think the

minister should justify to this committee why is that at this point she thinks that this program is not necessary any more, or is not necessary in the previous format, and why is that they changed to the new format.

**Hon. B. Stephenson:** Since the hon. member is obviously suffering from some major misapprehensions, I think we had better go through the list. First his major misapprehensions is that the rate of accidents in construction is not decreasing. In fact it is. Can you give me the latest figures about that?

**Mr. Cleverdon:** The fatality picture has changed dramatically from 52 per 100,000 in 1963 to 17 per 100,000 in 1976, and it's running about one-quarter of the rest of Canada, which is over 60. It's over 70 in the USA.

The overall accident picture is dropping about 3.5 per cent per year, if we look at the work force as per 100,000 workers. The actual number is hovering around 18,000 reports still. But the work force has been growing at 3.5 per cent per year for the last 10 years; therefore it follows the rate is coming down.

**Hon. B. Stephenson:** The other misapprehension is that the committee has been dismantled or in some way has been dismantled so that something has not occurred as a result of the recommendations of the meeting of September 15, 1976. The two subcommittees were formed. The educational subcommittee has certainly been active in that the safety courses which were begun, in 1976 I think, were repeated again in 1977 with a few component added in the area of safety oriented first aid. Those courses are being evaluated right now in order to determine the best and most appropriate future initiatives.

In terms of the future of this committee, there have been some problems in the reorganization. It is most certainly not proposed that the advisory committee would be a committee of ministry staff. That would be a grave error. I think perhaps it would be most appropriate at this point if I were to ask Peter Berend, who has been actively involved in the committee and all of its functions, to tell you what is happening, what our problems have been and what he proposed to do. If I may, Mr. Chairman.

**Mr. Berend:** First of all, if I may respond to the results of the activities of these two committees. There are really three categories. One, a number of educational programs initiated at Locals 506 and 183 of the Labourers' International Union. During the

course of this committee work, and as a result of this initiative, they are presently continuing educational activities. At 183, for instance, there are major plans being made to continue the activities related to occupational health and safety, workmen's compensation, and in other areas where the combined elements of information regarding the workers' privileges and responsibilities in the initial programs are being continued right now.

In fact I had inquiries quite recently from some agencies such as COSTI, to see if we could participate, provide some lecturers—in whatever manner we could contribute.

**Mr. di Santo:** Can I ask, Mr. Chairman, what are the details of these programs? Because it's quite new to me.

**Mr. Berend:** The initial programs which were undertaken at Locals 506 and 183 consisted of closed circuit television tapes and lectures. The lectures were only at 506 initially but both 183 and 506 benefitted from the videotape material. The determination was made whether it was desirable to have this in Italian, Portuguese or in English with translations as the tapes were running. We could not provide the lecturer component at 183 because of the nature of their hiring hall.

Subsequently to this, the social services staff representative, Mr. Carraro, who at the time was with 183 provided us with a committee formed by the workers of Local 183 in order to organize with us a series of lectures which, if I remember correctly, were two and a half hours, twice a week. I think they went on for something like four weeks for the first segment. This was early in 1976.

The particular success of this program was because of the nature of the arrangements. It was a workers' committee that determined what they wanted to hear. Representatives from the Ministry of Labour, the Construction Safety Association and the Workmen's Compensation Board participated in response to their requests.

Would you like anything further on education? There are current activities going on.

**Mr. di Santo:** Wait a minute. Am I correct if I say that you had the videotape program in 1976—

**Mr. Berend:** And 1975.

**Mr. di Santo:** —and four lectures at Local 183?

**Mr. Berend:** Not four lectures, four weeks of lectures.

**Mr. di Santo:** Four weeks of lectures.

**Mr. Berend:** Two and a half hours, twice a week.



**Mr. di Santo:** What do you have right now?

**Mr. Berend:** Right now what we have is what we would consider a successful result of a pilot project, which is all it was. People continued the work that we left off. Where we left off they continued providing similar programs. This was just a pilot project.

**Mr. di Santo:** In other words your program was discontinued by you and it is continued by local people.

**Mr. Berend:** The agencies that we were involved with, yes. This was the purpose of the whole undertaking. It was a pilot experiment.

One stage of this thing was educational efforts. Another was, as you have stated before, that we were anxious to understand the particular problems faced by, not just Italians, but immigrant groups in general, most particularly people from urban areas who find themselves in industrial centres. The rural-urban interface is what concerned us. We felt that perhaps because of the difficulties of this cultural shock, we were having communication problems. Some of the recommendations, amongst other things of the Sidlofsky-Hellman report, were in fact implemented by the ministry, not specifically in response to our committee's pilot research effort but in principle, which I thought was of consequence.

**Mr. di Santo:** Can you specify which recommendations were implemented?

**Mr. Berend:** Our approach to immigrant workers, in general, I believe, represents a high level of sensitivity. The whole purpose of the pilot project was to sensitize our people to the needs of these people. I believe that efforts have indeed been made to do so.

**Mr. di Santo:** So you think that the pilot project has been successful?

**Mr. Berend:** As a pilot it was a successful program, yes.

**Mr. di Santo:** Now we can say that there is no need to do anything further in this area?

**Mr. Berend:** There are many factors which will determine that, most of all the ministry's directions and the community's stated needs. As a pilot it has been completed. I don't think we should single out the Italian community for these kinds of exercises, as you have stated yourself. It depends on stated needs by the community and the ministry's capabilities to continue. This was a rather time-consuming and high-level effort. During 1975 we had one steering committee and one advisory committee meeting every month, except for August, at which you had repre-

sentatives from a number of ministries of the Ontario government as well as from the federal government.

[10:45]

**Mr. di Santo:** When was the last time the steering committee met?

**Mr. Berend:** Both the steering committee and the advisory committees met in September 1976.

**Mr. di Santo:** Did you have any pressure from the employers to modify or change the program?

**Mr. Berend:** We had pressure from both sides. I am not familiar with what pressures were put on the ministry as a whole, but during the meetings of the two committees there were pressures from both sides, which we found most suitable for their operations.

**Mr. Chairman:** Are you all through, Mr. di Santo?

**Mr. di Santo:** I would like to comment on this brief exchange. Madam Minister, you said it was my misconception, but I think it is your misconception. The program, in fact, is dead. The two subcommittees have not met since September 1976. Don't tell me there is a steering committee which doesn't meet for 13 months in existence. It exists on paper but it is not operating. That's what I mean.

The second point is that there were very serious pressures from the employers to cancel this program. In fact, if you don't know and you inquire, the format itself of the advertisement in the newspapers was changed. The employers didn't want the workers to phone the ministry anonymously. In fact, the initial ads were changed in a way which I think would make the workers feel that if they phoned in, they could be identified and would lose their jobs. I think that is one of the reasons why the program didn't work.

Above all, I want to make a final comment. If these two committees were set up to respond to a specific need existing among the Italian workers and other immigrant workers because of their specific condition in a specific industry—the construction industry—I would like to know why the minister has spent so much money, and we haven't heard yet how much money has been spent, in order to find out. That's what Mr. Berend said, that this program was a pilot project to find out.

I think that the study of Professor Sidlofsky and Hellman is a document which clarifies to a large extent the existing problem. Why did you set up two committees to find out what Professors Sidlofsky and Hellman found out on their own?

**Hon. B. Stephenson:** The background of this was that it was a pilot research project



As a result of some of the activities of that research project and the Sidlofsky and Hellman documentation, the two committees were established. The programs are ongoing, I think; they may not be as exclusively visible in the way that a pilot project is at this time, but the work and the gains that have been made as a result of that pilot research have been incorporated into many activities of the ministry right now.

The committees are not mortally wounded, nor are they even moribund. It is our intention that, as soon as some of the problematical areas of relationships are worked out, they will be functioning again. I think there are certain ways in which the recommendations have been implemented that perhaps Mr. Cleverdon could comment on right now.

**Mr. Cleverdon:** I might say that I was on that committee as a staff member. The whole concept of the Italian hotline capacity, and the media support for it, was designed to make it very clear to the some 16 per cent Italian work force in the industry that they should first of all complain to their employer about unsafe conditions. They made that very clear.

**An hon. member:** And get fired.

**Mr. Cleverdon:** And if it doesn't work, they may phone 965-4482 and ask for Paola di Marco—which was a pseudonym; there are now two girls who have that name—and tell her in their own Italian language what the problem is. The fact that we got so few calls, I think, reflects the fact that when they told the employer about the condition it was rectified. I think this speaks very well for it. Initially, we did get a fair number—not a large number—of Italian complaints. They were taken down by Paola in English from the Italian conversation. By the way, you may call after hours to the same number and a code-a-phone will tell you, in Italian, how you can make your call at night to the Queen's Park switchboard. But you must have with you somebody who can speak English because they don't speak Italian over there. Then you'll get through to one of my staff at night. There are 10 on call.

In the last six months there hasn't been a single construction safety complaint on that line.

**Mr. di Santo:** That's right. I can assure you that there won't be any phone calls from now on. The workers don't even know the line, so you're wasting your money and the salary of the girl who is there.

**Mr. Cleverdon:** There is something wrong with this because we are still getting Italian inquiries on that line, two or three a week

about other matters. It must be known to people. They're calling about employment standards matters. We actually picked up, believe it or not, one industrial safety fatality that way about a year and a half ago, because the person first aware of it didn't speak English but did speak Italian.

The line is still there and has been kept up. I repeat the fact that I think it has worked.

But you are quite right—the employers did not like the initial wording because it said you don't have to give your name. That they thought might encourage frivolous complaints. The wording was changed slightly. It said: "We will protect your identity," which has been our policy since 1963. We never tell the employer who complained. We don't even tell our own officer who complained. We just tell them to go to the site and make the investigation. He is not told the identity of the complainer unless the complainer asks to be interviewed when he gets there. We then have to tell who he is.

**Mr. Chairman:** Do you have any further questions, Mr. di Santo?

**Mr. di Santo:** I wish to ask the minister if she still thinks there is a need for such committees—I'm talking specifically about the steering committee. Does she still think there is a need for having an input from people belonging to some specific community who may know as much as or more than the staff people?

**Hon. B. Stephenson:** Yes, I do, Mr. di Santo. But it is not going to be called the steering committee. It is to be called the advisory committee and it will be made up of representatives of the appropriate ethnic communities with the kind of background which would make them useful members of the committee and people on the staff of the ministry. That committee will continue to function because there will be an ongoing need for that kind of outside input into the development of specifically educational programs. This is the area in which I told you I had the most responsibility.

**Mr. di Santo:** I see. Then you are changing the initial format?

**Hon. B. Stephenson:** The initial format was a pilot research project, Mr. di Santo, which is now completed. One does not continue with a pilot research project forever. One may change some of the aspects of it but it is no longer a pilot research project. I think we have become much more aware of the needs of that community. We have certainly become aware of, as Peter Berend said, of our need

to sensitize our staff to the needs of that community as well. That is an ongoing project within the ministry.

Mr. di Santo: Madam Minister, it isn't clear to me.

Hon. B. Stephenson: It's not defined as a pilot project nor is there a specific budget set out for it.

Mr. di Santo: Okay, I think everybody understands that a pilot project cannot last forever. But I still don't understand how you have learned what you said you have learned. Secondly, why is it that you have to change the format and instead of having a steering committee you want to have an advisory committee? You haven't clarified that.

Hon. B. Stephenson: The steering committee was related to the pilot project. The advisory committee will be an ongoing committee related to—

Mr. di Santo: So was the advisory committee.

Hon. B. Stephenson: That was the format that was established earlier. I don't know the entire rationale of that format in the beginning.

Mr. di Santo: We know. We know.

Hon. B. Stephenson: I know what ours is now. Ours is to have continuing input into the development of particularly educational programs, to be of assistance in occupational health and safety to those workers in the province of Ontario whose first language is not English.

Mr. di Santo: We know why it is changed and who is opposed to having a strong representation from—

Hon. B. Stephenson: Oh, do you? That is interesting.

Mr. di Santo: Yes. And if you ask your staff they know as well.

Hon. B. Stephenson: Oh?

Mr. di Santo: Because of the people who are visiting your ministry, the construction companies' representatives, every day.

Hon. B. Stephenson: Mr. di Santo, I can tell you on that point you are absolutely all wet.

Mr. di Santo: If you don't know personally, you should ask your staff, and they know.

Hon. B. Stephenson: I do with some regularity. I get straight answers from them as well.

Mr. di Santo: Then you should know yourself.

The second point is, can you report to

this committee and give us an evaluation of the pilot project in detail? Would that be possible or not?

Hon. B. Stephenson: At this time I cannot.

Mr. di Santo: I am not saying at this time. Let's not play with words. I know you can't at this time. In fact we are having all kinds of vague explanations. But can you in future, in the next week?

Hon. B. Stephenson: Yes.

Mr. di Santo: Okay. Thank you.

Mr. Chairman: You are all through, Mr. di Santo? Thank you very much. Mr. Laughren.

Mr. Laughren: Thank you, Mr. Chairman. I am sorry that I wasn't here the other day when Dr. Muller replied at such length. There was a mixup in the scheduling of the committees.

Hon. B. Stephenson: He was not alone. There were others who replied at great length as well.

Mr. Laughren: I have read over Hansard carefully and appreciate the responses.

There were some things that bothered me. I won't go into them at great length because I have already asked the questions and I hope planted some seed. I am concerned about the response on early identification—the booklet for doctors for example—of course, who would quarrel that that needs to be done? But I still think you must get a system of employee work cards or call it what you will, on microfiche or however you do it, where work history is recorded and goes with the worker with a centralized file, with a full exposure record attached. I think until you get that we are not dealing seriously with early identification.

Also if you don't have an identification system for worker occupational health problems, I don't know how you are going to measure the success or failure of what you are doing. That is going to be very difficult for you to do.

I know you have to creep before you run, but I am really concerned that a lot of what you are doing is going to go down the pipe because it is not comprehensive enough. That would be too bad because if the intentions are there, and I think they are, then it is too bad to waste that kind of energy and effort and good intentions.

I didn't get out of the response in Hansard a very clear answer from Mr. McCrodan on the scheduling of visits, and the same with Mr. McNair, industrial safety—rather vague responses to how they schedule visits and follow-ups as well.



I was particularly taken by the small number of complaints. Out of something like over 60,000 work places, there were only 164 complaints I think. That indicates something that perhaps my colleague from Downsview is trying to get at. I am not sure. There are more problems than that. If they are not bringing them to the attention of the ministry it indicates that perhaps they don't know how to go about it.

The questionnaire that you talked about for high hazard substances; it is interesting, and I would very much like to have a look at it. Do you have the questionnaire developed yet?

**Hon. B. Stephenson:** Yes.

**Mr. Laughren:** Could we have a copy of it at some point? It doesn't have to be right now.

**Hon. B. Stephenson:** This is a copy of the initial questionnaire which you can have. [11:00]

**Mr. Laughren:** Thank you. On the whole question of carcinogens, I had sent a letter to the minister a while ago on an article I read about the United States where they have identified some 1,500 potentially carcinogenic agents. They had regulations on only 17 of them.

The other day when I questioned you, when we got on to the vote, I had a sense of unease about the identification of carcinogens. Until they are identified, how do you establish control over them? I'm still uneasy about that. I know it's in the early stages, but it seemed to me that we should be moving in that some direction. I wondered how many carcinogens we have identified now.

**Hon. B. Stephenson:** Presently being used in work places in Ontario?

**Mr. Laughren:** In Ontario. Yes.

**Hon. B. Stephenson:** We don't have a total record of all the materials that are being used at this point. That's one of the purposes of the questionnaire, for one thing.

I think what I attempted to tell you the other day, and perhaps obviously not clearly enough, was that we do not limit ourselves to the identification of carcinogens as we might see them in the province of Ontario. We use lists that have been established by reputable agencies in other jurisdictions as well, so that we maintain a high index of suspicion in all work places where these could potentially occur. I think that it's that that is probably going to keep us on the qui vive rather than having something printed on a list.

I think if we're suspicious of enough materials we will add to the list which we

develop for our own purposes but we won't limit ourselves to the list which we develop. This is because information comes in from a number of sources on a regular basis to alert us to the fact that we should be suspicious of other materials which have perhaps not been drawn to anyone's attention before.

The business of establishing a really comprehensive data bank is one of the primary purposes of the restructuring and the re-emphasis on occupational health and safety. I think it's inherent within the new bill as well. One of the requirements is to keep exposure records for all workers. That is going to give us the kind of data base which is going to be helpful in establishing the information that we need in order to keep on top of the problems as they may occur.

**Mr. Laughren:** I don't want to take up a lot of time in committee today on something that's been answered, but there were only two other points that bothered me. One was the training for people in the field. You said the other day that you didn't think it was tentative. But until you've got programs in all the community colleges, I think it is tentative. Until it can feed back into the workplace and particularly to the major unions and so forth, I think it is a tentative commitment.

**Hon. B. Stephenson:** Mr. Laughren, we can encourage the community colleges. We can help to provide them with knowledgeable people and help them to develop curricula. We can hopefully persuade a number of the health professions and others outside health professions to become more concerned about this so that the appropriate courses will be established, but we can't establish them in all of the colleges. We're attempting to, or will be attempting to hopefully, with the decision of the grants awards committee, to begin projects in certain colleges. Yes.

**Mr. Laughren:** That's exactly right. I know how the colleges work, having been part of the administration of one of them at one point. If the money is there, they'll do what you ask them. That's really what it comes down to, because they're anxious to increase their programs and their enrolment and everything else.

**Hon. B. Stephenson:** The community colleges, I would like to remind you, do not seem to be suffering the same kind of financial constraint in many areas that even the universities do at this point. Perhaps there is a little more flexibility at that level which could be used if we can persuade them that they should move in the direction of occupational health and safety.



**Mr. Laughren:** The ones I talk to don't tell me they've got any flexibility in funding. My community college, Cambrian, certainly doesn't have the flexibility in funding that you referred to.

The final point I wanted to ask was how many industrial hygiene physicians are there in the ministry now, and how many vacancies are there?

**Mr. Nelson:** There is a complement for nine. I guess you would call those occupational health physicians; there are, actually, five of them in the ministry right now.

**Mr. Laughren:** So there are four vacancies?

**Mr. Nelson:** Yes.

**Mr. Laughren:** For industrial hygienists.

**Mr. Nelson:** That's right. One of these, by the way, has been promised. One position has been offered and accepted, so really there are only three vacancies.

**Mr. Laughren:** Where do you get these people?

**Mr. Nelson:** We attempt to get physicians with occupational health experience who have worked in industry or who have training such as a diploma in industrial health from the University of Toronto. If these can't be obtained then we have in the past provided training for the physicians.

**Mr. Laughren:** Are they all medical people? Do they have to be a physician?

**Mr. Nelson:** The physicians have to be medical people, yes.

**Mr. Laughren:** Yes, I understand that. There are times I wonder, mind you.

**Hon. B. Stephenson:** There are industrial hygienists who are not medical people.

**Mr. Laughren:** That's what I wondered.

**Hon. B. Stephenson:** How many of those are there?

**Mr. Nelson:** We have an 18 complement for hygienists of which we at present have 11.

**Mr. Laughren:** That's really what I was trying to get at.

**Mr. Nelson:** We are short seven.

**Mr. Laughren:** Where are these industrial hygienists graduating from?

**Mr. Nelson:** Right now there is no program in Canada from which an industrial hygienist, as such, can graduate. The University of Toronto—again, in its old school of hygiene—did have a program whereby an engineer, a chemist or a scientist graduate could go in and take a course which would lead to a degree in occupational health. It would be a master of science degree, and this was

possible under their system. It was not specifically industrial hygiene. It had industrial hygiene courses but it was really in health sciences.

**Mr. Laughren:** Is it still going? Is it still graduating students?

**Mr. Nelson:** It is still possible, yes.

**Mr. Laughren:** Is there anybody in it?

**Mr. Nelson:** In the masters there is only one person that I know of right now; but I think they do have 10 in their diploma in industrial health course this year. Next year—that would be September 1978—they hope to have a two-years masters program in health sciences.

**Mr. Haggerty:** These positions are being filled from the Canadian market?

**Hon. B. Stephenson:** I wouldn't hold my breath, if I were you.

**Mr. Nelson:** I wouldn't like to say.

**Hon. B. Stephenson:** That is a real problem. As a matter of fact, it is extremely difficult to fill them from the Canadian market. I would say it's next to impossible because there aren't any available at this time, so we are having to look outside the Canadian work force to find them.

**Mr. Haggerty:** It's kind of embarrassing for the minister—

**Hon. B. Stephenson:** No.

**Mr. Haggerty:**—that we have a lack of occupational health programs. We don't have the expertise in this area.

**Hon. B. Stephenson:** I have been saying it for the last few years, Mr. Haggerty, and it's no great embarrassment to me that we have not developed this kind of capability. It's an area which has not been promoted perhaps as vigorously as it should have been in Canada. But neither has it been promoted as vigorously as it should have been in many other jurisdictions.

**Mr. Haggerty:** How are you going to get the experts then? If they don't have them in another country, how are they going to come over here and, perhaps, get a job? I think you should move with caution in this matter so that we don't have to go outside Canada to bring in the people who should qualify.

**Hon. B. Stephenson:** Ideally, in the future we shall not have to go outside Canada to recruit those individuals because we will have stimulated sufficient interest in the development of courses and stimulated sufficiently the interest of potential students in this area to choose these as lifetime career choices. In the meantime, we have a need which must be filled and that need, if we

can't fill it from our own sources, will have to be filled from other areas.

**Mr. Laughren:** I think we understand that is a serious problem.

**Hon. B. Stephenson:** Yes. There is a deficiency which is world-wide. It depends upon the capabilities of our recruiters. We have been successful thus far and we are hoping that our success rate will continue.

**Mr. Laughren:** Maybe we need a more aggressive chairman of the Canadian Medical Association, too.

**Hon. B. Stephenson:** In that area? If you mean the president of the Canadian Medical Association—that's a possibility, yes. What do you want me to do, leave?

**Mr. Laughren:** I put it out as an alternative career choice, as a form of counselling.

**Hon. B. Stephenson:** I am not sure I like that.

**Mr. Laughren:** I wonder if I could move, Mr. Chairman, from the general to the specific?

**Mr. Chairman:** You may move.

**Mr. Laughren:** I would like to talk to the minister about a company which employs 450 workers and is involved in an asbestos operation, the manufacture of brake shoes. It is Royal Industries, 1000 Martingrove Road in Rexdale. There has been considerable correspondence. There was an inspection made on May 11, I believe, by inspectors of your ministry. I have yet to see a copy of that inspection report.

There was correspondence between the steelworkers' union and the company and the Ministry of Labour, including Dr. May.

On July 20, the union tried to get a copy of that May 11 report; by August 10 there hadn't even been a response. I got involved in it at one point. I, to date, have never seen a copy of that May 11 report. Then, on October 6, there was another visit—and of that I now have a copy. I would like to give you the results of that visit.

We knew there was a problem in that plant. We knew back in May, probably even before that. This report is dated October 11, although I believe the inspection date was October 6. This is the inspector reporting:

"I have the following comments concerning the report. It is not surprising that air sampling done on October 6, 1977, shows that 11 of 12 samples are above the Ontario asbestos standard of 2.0 fibres greater than five micrometers in length per cubic centimetre of air. There are two main reasons for these high results.

"First"—and this I think is important—"the

sample locations chosen for this present survey are areas which gave high results during the previous sampling done on May 11. Since that time there have been two engineering visits and directions have been issued to the company to improve their ventilation in areas showing high asbestos counts.

"During the last engineering visit, the company stated that it was planning to make the ventilation changes suggested, but as of September 13 none of the improvements had been completed. The latest air-quality report reinforces the original findings which indicated that the following areas contain high concentrations of asbestos in the air: (a) hopper-feed area, (b) pre-form press area. Sampling done in May indicated that the hopper-feed operator could be exposed to up to 55.1 fibres per cubic centimetre." You know and I know that the standard is two.

"The reason for this high exposure is explained in one of the previous reports by the writer." I won't read the whole thing but it says: "It is obvious from the present air-sampling results that regardless of how careful the operator is, he is still exposed to an excessive level of asbestos, i.e., in excess of 10 fibres per cubic centimetre."

I don't want to read the whole report, although the information in it is extremely interesting. Let me give you some of the results of that October 6 visit—the name of the individual is on this, as well: "The hopper feeder"—and this is the personal sample—"12.8; hopper feeder 14.2, hopper feeder 14.2; pre-form press operator 4.9, pre-form press operator 4.2; janitor pre-form press area 3.0, janitor pre-form press area 4.8; set-up man pre-form presses 3.8 and set-up man pre-form presses 7.4; and in the area sampling of the background mezzanine floor 2.0; and the background between six and seven pre-form press machines on the first floor 2.5."

[11:15]

If that was the first inspection that was done, and those were the results, you could, perhaps, say, "Well, we've got a problem here, but knowing the dangers of asbestos—and we all know them—that certainly won't be allowed to continue." But here we go through May, June, July, August, September, October—five months, and we have those kinds of readings with asbestos.

It's beyond me how your people, knowing the history of asbestos and the relationship between asbestos exposure and cancer, and mesothelioma, can allow this to continue. In particular, the union was pressing your ministry for results, were not getting the results and had to make accusations that Dr. May was repressing evidence because of the level of counts; the union people had been driven



to those kinds of accusations because they couldn't get co-operation from your people.

I don't know how you justify that when we've been through it all so many times. I really didn't think that here, in the fall of 1977, we would be raising this kind of issue in your estimates. I thought the lesson had been learned, that we all lose by that kind of nonsense going on.

If the results on May 11 were bad—and in that report the inspector says, "I'm not surprised. It's the same area we had problems with in May,"—why, if there was a problem in May, would the workers not receive a copy of the report saying, "Look, there's a problem in this plant. You'd better be careful because the asbestos counts are high." Why would the union even have to ask for the reports?

If we're talking about worker participation and prevention, then you are violating that whole concept.

**Mr. Nelson:** No.

**Mr. Laughren:** Perhaps I could listen to you for a minute.

**Hon. B. Stephenson:** Yes, Hugh, would you like to tell us what went on as far as this specific problem is concerned?

**Mr. Nelson:** I can mainly refer to some of the situations in the plant. The plant was in a process of expansion at the time of the first sampling, and the particular operation that we are talking about is one in which the asbestos is being mixed with other dry powders and then literally scooped from a hopper into a chute which takes material down into a press where discs or pads are made for brake materials.

This is the particular operation that is causing the most concern—this hand dumping of materials; this was of particular concern to us. Actually, two new presses had been installed down below and proper ventilation had not been installed on these. This is the type of operation where we would recommend that ventilation should be installed, and until it is there we would certainly recommend that respirators be worn by the workers.

**Mr. Laughren:** Could I interrupt and ask you a question about this? We could, perhaps, be informal about this exchange? Why would you allow them to continue the operation until those problems with the ventilation had been resolved? What you've given to me is the kind of answer Mr. Cohen, the general manager of Royal Industries, would give me. That's the kind of answer he'd give me.

That's surely not your position to give me the Royal Industries' excuse for high exposure. I don't understand you.

**Mr. Nelson:** Normally, we suggest that all orders be written to provide the control measures that are necessary. In this particular case, the recommendation would be that the workers wear the respirators while these controls are being installed.

**Mr. Laughren:** But there's the comment by the inspector that even if the worker wears his respirator and even if the worker takes every precaution, he is still exposed. quote: "Regardless of how careful the operator is, he is still exposed to an excessive level of asbestos." This was in October. Could you tell me two things? Could you tell me what the readings were on May 11 and why there was the delay between May and October?

**Mr. Nelson:** I can't tell you all the readings but there were two high readings at that time.

**Mr. Laughren:** Only two?

**Mr. Nelson:** Sorry, there were two that were about 10 fibres per cubic centimetre.

**Mr. Laughren:** In May?

**Mr. Nelson:** Yes. One of those was 58 fibres per cc; that's the one you referred to earlier. There was that one extremely high. Then on the subsequent surveys there have been samples over 10 fibres per cubic centimetre.

**Mr. Laughren:** Were the counts lower or higher in October than in May?

**Mr. Nelson:** They would be slightly lower because the very high one was achieved in May. On the average, they were lower. This is a case where, as I say, the company is in a form of expansion—

**Mr. Laughren:** So what?

**Mr. Nelson:** —and they have failed to put in the ventilation.

**Mr. Haggerty:** Is it in now?

**Mr. Laughren:** You made the visit on May 11. When did your people go back after that May 11. What was the first subsequent visit to Royal Industries?

**Mr. Nelson:** That was in July.

**Mr. Laughren:** In July. So there's another series of counts for July, is there?

**Mr. Nelson:** No, there isn't. This was a visit by an engineer.

**Mr. Laughren:** Was it to see whether or not the recommendations of the May report had been implemented? Is that why the inspection was made in July?

**Mr. Nelson:** This would be to see if any changes had been made since the May visit.

**Mr. Laughren:** Were the changes made that were recommended after the May visit?



Mr. Nelson: No, they wouldn't have been at the time?

Mr. Laughren: They were not made?

Mr. Nelson: No.

Mr. Laughren: Where is the report as a result of that visit?

Mr. Nelson: I haven't got it with me. It would be in our files.

Mr. Laughren: I don't really blame you but I sure don't understand why we don't have a package of information here when you had done a test in May with recommendations and a follow-up in July with recommendations. Was the next visit in October?

Mr. Nelson: Yes.

Mr. Laughren: Was there one between July and October?

Hon. B. Stephenson: September 1.

Mr. Laughren: September 1 there was another visit. With counts on that one, or not?

Mr. McNair: The purpose of the September 1 inspection was to issue directions which were resulting from the occupational health branch's activities.

Mr. Laughren: You mean to reissue the same instructions?

Mr. McNair: These were the formal directions by the inspection branch.

Mr. Laughren: Wait a minute. You're going to have to help me wend my way through the bureaucracy, would you please? There was an inspection and report in May with counts. There was an inspection and a report in July but no counts. There was an inspection on September 1 with recommendations only. Am I correct or am I wrong?

Mr. Nelson: If I can answer this, perhaps we have to straighten out the branches. The occupational health branch is a service branch, a support branch for the industrial health and safety branch. We do hygiene investigations and report to the industrial health and safety branch. We suggest the types of directions that should be issued. What Mr. McNair is saying is that on September 1 these directions that we suggested were actually issued. Our directions or suggestions or recommendations in the report are not official directions. There is no compulsion there.

Mr. Laughren: In the May report and recommendations there was no compulsion attached in those recommendations?

Mr. Nelson: No.

Hon. B. Stephenson: They resulted in

directions which were issued earlier than September, yes.

Mr. McNair: Can I point out something to Mr. Laughren?

Mr. Laughren: You're sure confusing me.

Mr. McNair: On May 11 the samples were taken.

Mr. Laughren: Yes.

Mr. McNair: These samples in turn were turned over to Hugh's engineers to review and I got a call from them. They reviewed and some of the things were questioned as to why they were. Then the engineers from Hugh's branch went out with their officers to review the situation and decide what directions, as a result of these samples being taken should be recommended to our branch.

Mr. Laughren: When did this happen?

Mr. McNair: They went out on July 27.

Mr. Laughren: What happened between May 11 and July 27?

An hon. member: Vacation period.

Mr. Nelson: I'm afraid that there was a delay in getting the engineer out to investigate this and again—

Mr. Laughren: Despite queries from the union?

Mr. Nelson: I don't think we had queries from the union at that time. I don't remember them, anyway.

Mr. Laughren: Okay.

Mr. McNair: Then when we received the report from occupational health with their suggested directions which included the wearing of respirators, these directions were then issued on September 1 by our officers and they were reissued and confirmed in the visit of October 6. Respirators were in fact worn in the areas where they were a concern so that the exposure to the concentrations had been interposed by the wearing of respirators.

Mr. Laughren: I haven't seen those counts from May, but I assume they were fairly similar to the October 6 counts, the ones I read out. Could you tell me if they were reasonably similar?

Mr. Nelson: There were 21 samples taken that time.

Mr. Laughren: How many of the 21 samples were below two?

Mr. Nelson: Twenty-six.

Hon. B. Stephenson: Twenty-six samples.

Mr. Laughren: Twenty-six samples. How many of them were below two?

Mr. McNair: Fifteen.

Mr. Nelson: There were nine. Okay, yours are different. There were 11.

Mr. Laughren: I can't stand it.

Mr. Nelson: There were 11 above the two fibres per cubic centimetre and two of those were above 10.

Mr. Laughren: Half were above two?

Mr. Nelson: Eleven.

Hon. B. Stephenson: Eleven of the 26 were above two.

Mr. Laughren: Eleven of the 26 were above two.

Mr. Nelson: Eleven of the 26 were above two and two of those were above 10.

Mr. Laughren: Were those personal samples, or area sample?

Mr. Nelson: Most of them were personal samples.

Mr. Laughren: How come in October there were only nine personal samples and two areas samples? Can you explain to me why you would have 26 samples in May, most of which were personal, and then in October you would only have 11 samples, nine of which were personal?

Hon. B. Stephenson: The 11 which were above two fibres were repeated in the October sample.

Mr. Laughren: Are those the only ones that—

Mr. Nelson: Also, in the earlier ones there were quite a few duplicate samples taken, which wasn't really done in the later sampling. But, there were quite a few duplicate samples.

Mr. Laughren: What do you mean, duplicates?

Mr. Nelson: Two samples in a single location.

Mr. Laughren: Correct me if I'm wrong, and I'm sure you will, if it was two or below in May, you did not take a sample in September?

Mr. Nelson: No, I'm not saying that. I'm saying that—

Mr. Laughren: The minister said the 11 samples that were above, you took again. Is that correct or incorrect?

Mr. Nelson: No, not necessarily. What I'm saying is, on the earlier survey there were quite a number of duplicate samples taken, so that we had the 11 locations sampled, and during the later sampling we were getting the locations once again.

Mr. Laughren: Is it safe to say, then, that you could give me the personal samples for

each of the individuals listed here? You have the samples in front of you?

Mr. Nelson: I don't have the samples in front of me, no.

Mr. Laughren: But you have the statistics on them.

Mr. Nelson: I have a little bit here on it, but not the names of the people involved.

Mr. Laughren: I see. Do you have the hopper feeder readings?

Mr. Nelson: No, I don't. I haven't got them broken down that way.

Mr. Laughren: Could you do this for me? Could you get me the May 11 results with the samples?

Mr. Nelson: Yes.

[11:30]

Mr. Laughren: Okay.

As a result of the October 6 visit, there were certain recommendations made. In the final paragraph of that report, Mr. Brown, the engineer, says:

"It is obvious that the asbestos exposure has not been controlled to the safe level at this plant. We therefore must set a time limit (possibly three months) and issue the following general directions: Exposure levels shall be brought down below the Ontario standard for asbestos in all areas of the plant."

Now, I have a question for you. Why was that order not issued on May 12?

Mr. McNair: The samples were taken on May 11.

Mr. Laughren: Yes.

Mr. McNair: And they had to be taken back to the lab to be issued.

Mr. Laughren: Yes, your time lag.

Mr. Nelson: Once the samples are taken, they have to be analysed, and this takes some time.

Mr. Laughren: How long?

Mr. Nelson: It will take a week to 10 days, as a rule.

Mr. Laughren: Okay, so we are up to almost the end of May now. Why was that order not issued on June 1?

Mr. Nelson: I guess there were delays in our own process.

Mr. Laughren: I remember one time I was reading some stuff on asbestos exposure about the number of fibres greater than five microns that a worker would breathe in if the level was two. I think if a worker was exposed to a level of two fibres per cubic centimetre greater than five microns, he would inhale something like 8 million fibres in an eight-hour shift. That's from memory and my mem-



ory isn't nearly as good as that of the member for Scarborough West (Mr. Lewis) but something like that. It's astronomical. That's one eight-hour shift.

We are talking about how many shifts between May 11 and today? Well, October 6. That's a long, long time for those kind of readings to be allowed to continue. We are not dealing with an unknown here. We are dealing with asbestos and we know the problems. We know the seriousness of it.

**Mr. Nelson:** I think, as Mr. McNair indicated, the workers are wearing respirators.

**Mr. Laughren:** But the engineer says it doesn't matter how careful the workers are. And you and I both know that respirators are not the answer to high exposures, don't we?

**Mr. Nelson:** I know. But what he is saying is that no matter how careful they are, the exposure—yes, the concentration—will remain at these levels—

**Mr. Laughren:** Yes, exactly.

**Mr. Nelson:**—until proper control measures are installed. What must follow then is that if there is work going on there, respirators would be the method of protection.

**Mr. Mackenzie:** Surely if this is a matter of urgency my colleague is right, there should have been a notice out on June 1, or June 15 at the latest. I can't understand that kind of a delay with those kinds of readings either.

**Mr. Laughren:** Perhaps the minister could tell us. I don't want to put her staff in a position of making policy, but she wouldn't allow that anyway. Perhaps you could tell us how you prevent this kind of thing from happening. I really think that is serious, that kind of time lag, and I am sure you would agree.

**Mr. Haggerty:** That's preventive medicine.

**Mr. Laughren:** That is a serious delay and it is still not resolved. There is another three months built into it already because of the order saying this should be resolved within three months. That takes us to early January and the problem was first evident in May. We are talking about eight months of exposure to workers at an entirely unacceptable level. I don't know how you can live with that kind of delay in your ministry.

**Hon. B. Stephenson:** It is obvious that the workers must be protected during the period of time until the engineering has taken place to reduce the levels to safe and acceptable levels. That protection was instituted, to my understanding, on September 1, so that it was not eight months. But I would have to agree with you that I think the delay between May and September 1 was unconscionable.

**Mr. Laughren:** In that report again in October, it says, "During the last engineering visit,"—I'm sorry, it says, and they are talking about a problem where it was in excess of—

**Hon. B. Stephenson:** On September 1 the directions were issued and the workers in all of those areas which have been identified were told to wear respirators. The respirators were issued and they were supposed to be worn. It is my understanding that on September 6, when another inspection was made, they found at least four of the workmen who were not wearing their respirators, although the respirators had been issued.

The problem is, from the time of the issuance of direction until the time the engineering can be completed, the protection of the worker must be instituted and must be enforced.

**Mr. Laughren:** Why don't you insist that the engineering process be further developed before they are allowed to continue like that?

**Hon. B. Stephenson:** What?

**Mr. Laughren:** Why don't you insist? Before you allow the process to continue, you should say, "We are not going to allow them to handle it in this crude way until there is further engineering done—until this ventilation takes place."

**Hon. B. Stephenson:** Oh, that is what you mean.

**Mr. Laughren:** That's what I am saying. That there be a direction suggesting this. From that October report again: "It is obvious from the present air sampling results that regardless of how careful the operator is, he is still exposed to an excessive level of asbestos."

**Hon. B. Stephenson:** If he is not wearing his respirator, he is still exposed.

**Mr. Laughren:** No—"i.e., in excess of 10 fibres per cubic centimetre. As mentioned in one of my reports, they hand scoop asbestos material from an unventilated tote-box into an exhausted feed hopper. This present method of transferring material is a very crude way to carry out this operation. In order to control the potential for a very high dust exposure, the top of the tote-box should be enclosed as much as possible."

That's not a big deal. They could do that, so help me, and it wouldn't require a big expenditure of money either.

"A direction suggesting this was issued to the company in OHB"—I guess that's Occupational Health Branch—"report No. 77G073-D000"—with all those zeroes you must be anticipating more numbers some day—dated August 4, 1977. During the last engineering



visit the company stated that when they move to their new plant in the fall of 1978—a year—“consideration is being given to the idea of locating all feed chutes directly by the presses so that they can be charged through holes in the floor”—et cetera, et cetera, et cetera.

May I suggest to you that there is the reason you have had fibre counts at Royal Industries. Because they are moving to their new plant. Don't you think there's a strong possibility that the reason they are not making improvements is because they don't want to spend money on a plant they are going to be moving out of? Has that occurred to you?

**Mr. Nelson:** This could be correct. No, the reason, really, for the bad counts at this time is connected with installation of the equipment in the existing plant, which was not properly ventilated. In other words, up until this new equipment was installed, this plant was operating pretty well within the standards.

**Mr. Laughren:** We went through the same thing at a mill in the chairman's riding at Matachewan—where they didn't put in proper equipment and they were in a precarious position financially. Mr. McCrodan knows more about that than I do. He certainly knows more about it than the chairman does. He knows that it was there because it suited their purpose at that particular time not to make the improvements though the levels were high.

I suggest you've got a problem there at Royal. They are playing fast and loose with you. They are giving you the old shuffle, the pea end of the shell. What you are doing is, you are giving them too much time to improve things.

The minister agrees—I won't belabour the point. But I really hope that you move in there and prevent that.

There is one other thing. On October 17, after the visit, and after they had received their instructions, the company put out a notice in the plant. “Notice to all pre-form personnel”—and there's a “notice to all foremen” as well. They are identical, so I guess they just post them in different places in the plant. It's a beautiful posting; have you seen it? I am sure you would be interested.

It's dated October 17: “We have been visited by the Ministry of Labour and have been informed that respirators must be worn in the pre-form area. They have told us that anyone caught not wearing a respirator will be taken to court. This is for your protection. This letter is formal notification that, effective

immediately, all employees must wear respirators while working in the pre-form area and that anyone caught not wearing a respirator will be terminated immediately.”

It doesn't even say their employment will be terminated. It says they will be terminated.

“Effective immediately, no employees will take their break in the pre-form area. Anyone caught doing so will be terminated immediately.”

“Be safe, not sorry.”

“Lear Siegler Incorporated, Certified Division,

“David Cohen, Plant Manager.

“Carbon copy to the union.”

**Mr. Bounsall:** Surely they said, “Sincerely.”

**Mr. Laughren:** No. They didn't even say—

**Hon. B. Stephenson:** Nor, “Yours truly.”

**Mr. Laughren:** They didn't say, “Yours in solidarity.”

That's the kind of response that tells you where this employer's collective head is at. It's throwing all the blame back on the employee. “You will be terminated if you don't wear a respirator. On the other hand, if we don't clean up the mess, we'll get a three-month warning.” But they don't say that. You've already said that for them.

If that had been a different kind of notice, I might have said there are legitimate problems there and they're trying to work it out and the ministry's trying to help them resolve the problem, but when you see that kind of notice, don't you get the impression that they're stalling on you?

**Mr. Nelson:** Possibly.

**Mr. Laughren:** I think it's the kind of notice that is saying to the worker, “It's your problem.” Like the WCB—oh, I've spoiled my morning again—like the WCB ads they put on: “Look out, it's your problem. Safety is your problem.”

I'd like to move on from that. I would very much still appreciate the copies of all those reports, so we can have a look at them.

There's only one other thing. Gee whiz. Time does go when you're with friends, doesn't it? I want to talk very briefly about the International Airport, Terminal 1. Every time I go to Terminal 1 I look around and I see executives scurrying from one continent to another and being looked after with bars and nice washrooms and everything, then I get reports from the workers who are working on putting in air conditioning at Terminal 1. I think it's air conditioning. They had to go in and they had to

scrape off old insulation to make room for the ducts. I gather that was the process.

The workers out there were very, very concerned about what was happening, because they knew they were doing a dangerous thing. It's complicated because you don't have one union to represent the workers, as at Royal or at Inco or so forth; there it's fairly straightforward. If you've got an aggressive union there, they'll grab the problem and they'll run with it and they'll make an issue out of it, which is one of the reasons they're there.

But out there, where you've got all the trades involved in the construction phase, it's very, very difficult to get the information out. It makes it more difficult for the ministry, I would think, as well to inspect it and to make sure the workers are informed and everything.

But they have real problems there. To this day, I've never seen—well I have, that's not true. I've seen some counts, but not very many. Some counts: 3.7, 4.1, 2.8, 1.0—not all above two by any means. Most of them below two. I don't pretend for a moment that I've got all the counts. I'm sure there're counts that I just don't know about.

There was a number of demands by me to the minister, and by the unions, about the problem. I'd be interested in knowing to what extent these things have been done, because they were doing some terribly primitive things. With asbestos you're not supposed to dry sweep. You're supposed to use vacuuming or wet sweeping. Their idea of wet sweeping was to give a worker or janitor a styrofoam cup full of water and go round and splash water on the floor.

[11:45]

That is nobody's idea of wet sweeping, I hope, except somebody out at Terminal 1. They were supposed to store the asbestos in sealed containers. After they had put water on the floor with a styrofoam cup they go around and sweep it into ordinary garbage bags, and you and I know where the garbage bags go. So that is not the answer.

Remember the story in the United States where the whole garbage dump—What is the name of the big asbestos company? Paul Brodeur's book "The Expendable Americans" outlined the problems of an asbestos dump and how people in the area were exposed to high levels of exposure.

Anyway, there were a number of requests made that would help improve the conditions there. The ministry people were there, and they made some recommendations as well.

I am sure all these questions cannot be answered this morning, but I really would

like answers to these. I think there was testing done there in April and I would very much appreciate results of those tests.

Secondly, the workers were complaining about the kinds of masks they were wearing, and the union wrote and recommended different kinds of masks. I would be interested in knowing whether the ministry checked that out to see whether or not they were wearing the proper kind of masks.

There was an inadequate supply of water for spraying the asbestos. I suppose that is why they were using the styrofoam cups. They didn't have a proper way of spraying it. Also, when the workers had problems out there with the asbestos they didn't know who to meet with. There were very poor communications. I think it is partly because of the number of unions that were involved—some who were more concerned than others about the problems, some whose workers were more exposed than others to the problems. That was a problem, and it would take somebody from the ministry to really sit on it, I think.

They requested change rooms and showers. There are mobile units like this available now. That was not granted to them either to my knowledge. There was no education of the workers on the dangers of asbestos. If that was done properly, maybe they would wear their masks more diligently, although we all know that that is not the long-term answer.

The Construction Safety Association, I believe, did hold meetings, but I gather it was done in an inadequate kind of way. Some workers came, others didn't. It just wasn't well organized. Also, the men were still being allowed to eat and drink in the same area where asbestos was floating through the air. I am not suggesting they should be terminated if they do, but certainly there should have been arrangements made for them to go elsewhere to eat.

The workers were still not getting reports of the conditions. They really had to hassle to get any kind of reports at all. They told me they were using the coffee cup kind of approach for wetting the asbestos but there was still some dry sweeping going on. I don't know how much. They said some dry sweeping.

Also there were x-rays done. There were arrangements for x-rays to be taken, but only a few of the workers were x-rayed—I gather only the ones whose union was really aware of the problem and pushed their workers. There was no organized way to go in and have their x-rays done.

The thing that is most disturbing about this, and about the Royal, the counts aside for a moment, was the reluctance of the



ministry to share information with the workers. I know the minister has talked about this before. That is the goal. If you want to have the workers participating in occupation health then you share everything you get with them. That is an attitudinal problem. I hope it is not deliberate.

The accusations that Dr. May was deliberately suppressing information because the counts were high—that is the suspicion right away. If they don't get the information they say, "Those rotters are not giving it to us because the counts are so high." I don't know if you saw that letter or not, but there was a letter that said Dr. May was repressing it because obviously the counts were high. Then when the counts come out and they are high, it justifies exactly what they say, even though that's not your modus operandi. It's a self-justifying kind of thing, a self-fulfilling prophecy. That's too bad.

I wonder if the minister could indicate how she intends to get around this, how to instill that in the ministry—this sharing idea.

**Hon. B. Stephenson:** The policy of the ministry is that the information will be shared, that the directions which are issued, and the basis upon which those directions are issued, will be posted in the work place for everyone to see; every worker who is in that area can have a look at them. The difficulty, I guess, with Toronto International Airport is that there are problems which you have listed plus some others as well. I think, perhaps, Keith can give you some information on this.

**Mr. Armstrong:** I was just going to add that it is not only a policy of the moment. It's a directional arm of section 7 of Bill 129.

**Mr. Laughren:** What happened with Royal Industries then? There is an easy case; there's a classic example of how it could have been done very simply and it somehow broke down. It broke down and remained broken down even after it became an issue with the union and with the ministry and with the company. That's what bothers me. What happens in a case like that? Does something trigger a response along the line, and then you resolve it?

**Hon. B. Stephenson:** Yes, something does trigger it, and I'm sure you will find that it will not happen in the future.

**Mr. Laughren:** I really hope so because that's really the key, I think.

**Hon. B. Stephenson:** If it does happen again.

**Mr. Laughren:** If it does—all right. Okay, I've talked long enough.

**Mr. Armstrong:** On the Toronto International Airport, we have Mr. Cleverdon present. Perhaps he could say something on that.

**Mr. Cleverdon:** I might add that I thought you or one of your colleagues would raise that point, so I came prepared to deal with it. I can give you from memory a fairly accurate and complete summary of the situation. If you want more detail we can get it for you very easily.

First of all, that building was built 17 years ago. It's the circular building with the garage on top; we all know that. At that time, the only known technique to insulate structural steel was by spraying with a material which had a very high asbestos content. That's all we had.

That was brought to a halt by the actions of our branch with the industry six years ago. Now we have an asbestos-free compound for that purpose. We imposed such strict requirements on the industry that they couldn't afford to do it any longer; the market place solved the problem. Engineering developed asbestos-free fireproofing compounds. That's the kind you find used today. That was done in 1971 by our branch in consultation with the industry.

**Mr. Bounsall:** Could I ask you a question there? What do you mean, it became uneconomical for them to do so? What restriction on it made it uneconomical?

**Mr. Cleverdon:** To deal with that, particularly: Even though the regulations didn't speak to this in detail, on the advice of occupational health and in consultation with a group of the employers—Dr. Cowle was present and Mr. Rajhans and, I think, Mr. Nelson—we made them do the following things. If they were going to spray steel with asbestos, all the men had to wear an approved mask. It's called a type 21-C. They vary in style and format and nature but they are all approved by NIOSH, I think. Type 21-C is the approval number for them. That's the one which slows down the work and therefore costs more for labour.

We required complete isolation of the sprayed area by tarpaulins; this kept the whole area contained internally. Again, a high cost item. No one else could work in the area while it was going on, so mechanical trades who would normally work along with the spraying—putting in risers for steam and water lines and that kind of thing—couldn't work there either, which slowed the job down—another economic consideration.

We required complete cleaning by vacuum cleaners when they were finished—another



economic consideration. It got to the point where the other trades would not even work in the same building at the same time, which meant they had to do all their spraying after hours or on weekends at overtime rates. What else could you have but those things working for you? So, in effect, it cleaned it up.

Very shortly an ad appeared in Daily Commercial News, from a supplier in Scarborough, saying, "We have the answer. We've got an asbestos-free compound"—and he captured the market. So the rest had to scrap their product and bring out a new one. It took a matter of six months to bring it to a halt. That's been solved long since.

But when they built that airport they used asbestos. When they decided to rebuild the internal part of this building because of sky-jacking going on—to separate the passenger reception area from the departure lounge area which was not the case in the old configuration—they had to take down almost all the ceilings, expose the structural steel that had been sprayed with asbestos in 1960 and then weld brackets on to it to carry the air conditioning ducts to properly ventilate the new configuration.

This was all designed by a team set up by Transport Canada which runs the airport with architects and engineers to advise and assist them. I find it frankly incredible that no one in that design team, with all the expertise, even recognized the potential hazard of asbestos in the operation. It was not identified by anybody out there in the design and contract stage.

The work was left to Eastern Construction Company, a very well known firm to us with a very high safety record. They didn't catch the problem either. The job began. At the beginning it was a very low hazard kind of operation with rather a small work force and all contained inside and not much height or climbing involved. It had, therefore, a rather low profile for inspection but we did make inspections.

On a routine inspection on February 22—I could be out by one day on that, Mr. Boun-sall, but it was pretty close—one of our officers was there and he saw iron workers on ladders or scaffolds scraping off the insulation. Promptly his mind triggered, "That must be asbestos." He knew the age of the building. He asked the question, "What's up there?" No one knew. He promptly phoned in to our head office and spoke to his supervisor who spoke to Mr. Pizak, the manager, who spoke to me about the matter.

I said: "This is a matter of urgency. Get on the telephone to occupational health and

arrange a visit tomorrow at the latest by an engineer and a technician to back up our suspicions." That was done the following day. Mr. Brown, who you mentioned earlier, was the engineer. I forget the technician's name. They clearly identified that the material being taken off did contain a significant but unknown percentage of asbestos and was now in a dry form. A lot had fallen off the steel and had landed on top of the suspended ceilings.

When they were being taken down, it was dropping off on to the floor and also getting into the air. They also found the material being used to respray it afterwards contained no asbestos. There were dust samples taken but they had to be taken away to be analysed. They couldn't give us an answer but they did say there clearly was an asbestos hazard. That very day our officer ordered the general contractor to ensure that all persons exposed to the danger wore the type 21-C approved asbestos mask. To my knowledge, that was done the following day. That's a 48-hour service which I think you'll have to agree is as good as you can do.

The difficulty arose because the engineer was very busy on other work and didn't write the report until roughly three weeks later. I recall that March 15 is the date he wrote the report. Then it had to be typed and distributed. Copies were sent to Transport Canada's design team, the general contractor and a firm called Venture, which was the metal fabricator doing the actual work with the suspenders for the duct system. A copy was sent to me. They were all put into the mailing system and we all know about that. I hadn't received it a week later.

I became aware through a phone call from Mr. Rajhans. A reporter had been on to him because he had heard the union was upset at the report apparently being mislaid or hidden in some fashion. I had a copy picked up on Overlea Boulevard and brought down to my office that day. I read it carefully. It confirmed the suspicions. The dust tests on personal sampling were all over two and ran as high as approximately 4.5. The samples in the general area with one exception were all under two. The risk was really right where they were doing the work up on scaffolding at the location of the structural steel. All those men were, in fact, wearing masks. That had been checked carefully after the first inspection. We always go back and check that kind of thing within a day or two.

**Mr. Laughren:** Welders are an exception.

**Mr. Cleverdon:** Yes. There were others in the area, I admit, on the reinspection who were not wearing masks. Because of the

urgency and the importance of it, I sent a supervisor out there that very day I got the report, along with another officer to back him up on it, to leave the written directions suggested by Mr. Brown's report. There was a four-week delay, but I must repeat that when they got there the ones most greatly exposed were protected but others were not.

There was one recommendation he made, the thorough soaking down of the area before they take it off, with which I can see, as a contractor, some practical difficulties in achieving. If you've got wiring up there carrying electricity and lighting and so on, you could have another hazard on your hands.

I said: "Discuss it thoroughly with Mr. Radford, the superintendent for Eastern Construction, and make quite sure that all these things can be done; or find some other solution if they aren't feasible, because Brown is not a construction man and my people are." They agreed they could do all these things.

It involved wetting down thoroughly. They used stirrup pumps, fire extinguisher operated stirrup pumps. They were using, I admit, before that time, styrofoam cups and a pail and piddling around a little bit.

Mr. Laughren: Piddling?

[12:00]

Mr. Cleverdon: Yes, I said piddling, but I meant with the cups, sorry. That's a poor choice of a word.

They were dry sweeping in a rather careless way. They were told to stop that and to either wet sweep by thoroughly soaking down the floor or to use industrial vacuum cleaners. They were told to bag it correctly in polyethylene garbage bags.

Of course once it leaves the project, it is not our ministry's jurisdiction for disposal. They do realize it's Environment's, but that was taken care of. They were told to thoroughly isolate the areas by either tarpaulins or partitions and keep all people out unless they were wearing masks.

That was all written that very day. Knowing the unions, and the Iron Workers in particular, they were very anxious to see the report from Health, which is normally an internal report to advise us on what to do. I asked Mr. Passfield to see if Eastern would, on their own volition, turn a copy over to the union as an act of good faith, or post it on the project.

I said if they refused to do so, he was to make a report to that effect, present it to Eastern and give it to the union, so that they were going to get a copy while he was there. He had no difficulty whatever. They had to get a clearance from a higher level in the

company to do it. That took half an hour, and to my knowledge the Iron Workers were given a copy that very day.

Mr. Mackenzie: Why wouldn't the union have been given it the same time as it went to the company?

Mr. Cleverdon: That's a matter of policy, sir, within the program. It is only mailed to us so we can act upon it and then mail it to the owner who requested—pardon me, to the contractor and the subcontractor.

Mr. Laughren: Wait a minute, you asked Eastern to give it to the union.

Mr. Cleverdon: Right.

Mr. Laughren: If Eastern had it, they must have had it, right?

Mr. Cleverdon: No, I said that very clearly, sir. I said that they were mailed from—

Mr. Laughren: Back up, would you please?

Mr. Cleverdon: Yes.

Mr. Laughren: At the time of the inspection the company was given something.

Mr. Cleverdon: No, the company was merely told by our officer to protect the workmen against the asbestos hazard. That's our direction and under Bill 139 our reports and our directions must be posted at the work place. That was done. But we did not have the report from Health, which is a technical report of some length and which takes time to prepare because they have to analyse the samples.

Mr. Laughren: From the OHB?

Mr. Cleverdon: The occupational health branch.

Mr. Laughren: And that's what you asked Eastern to show to the workers?

Mr. Cleverdon: Yes. Eastern had been mailed a copy already, but we couldn't cross the mail and we didn't get ours at all until after that date; we had one picked up.

Mr. Laughren: So the occupational health branch mailed a copy to the employer and a copy to you?

Mr. Cleverdon: Right.

Mr. Laughren: Not a copy to the workers?

Mr. Cleverdon: That's the normal practice.

Mr. Laughren: Why? Because it is too technical?

Hon. B. Stephenson: Because the directions are based upon the receipt of the occupational health branch report by the occupational health and safety division responsible, and the directions include the reasons for the directions.

Mr. Mackenzie: That is part of the prob-



lem right there, the fact this did not go directly also to the union.

**Mr. Cleverdon:** Let's be quite fair to all people. The union didn't ask for one. It didn't complain about it. There may have been 10 or 15 different unions working out there.

**Mr. Laughren:** Yes, that's part of the problem.

**Mr. Cleverdon:** There are 26 locals in Toronto alone.

**Mr. Mackenzie:** I understand that, but you had to have one worker in particular who really keyed into the issue and really dug on it. It didn't all float quite that smoothly.

I was out there on the job site with the workers and I had a meeting with them. Two of the foremen that came into the meeting, one of them uninvited. He had a few words to say, and the resistance to some of the suggestions was pretty damn strong, particularly on the part of one of the smaller contractors.

Also, they had at that time just brought in a new box of masks, the third batch they had tried since the whole thing broke. There was sure some skating going on on what the heck we are going to do with this particular issue; how we handle it and what kind of authority we have with the companies that were involved.

**Mr. Laughren:** I am not suggesting you are deliberately misleading us, but to imply that you are dealing with a benevolent employer called Eastern is a little misleading, because you are dealing with a lot of sub-contractors. They perhaps don't all have the same attitude.

**Mr. Mackenzie:** One of the foremen that came in with this third different type of mask while I was there, plumped it down and said, "Okay, let's try these."

**Mr. Cleverdon:** Let's talk about masks for a moment. He was better qualified than I.

There are quite a number of different kinds on the market. The cheapest is disposable. You wear it for four or five hours, maybe eight hours, and you throw it away. That's one type. They are very simple and inexpensive.

Many buy a much more expensive one with one or two cartridges which you replace on a regular basis; they last longer but they're more costly. It's a matter of comfort, duration factor and cost.

There are many on the market. We had a demonstration a while ago by only one of the suppliers in Toronto, and he showed us eight or nine different ones they sell right

now that meet that 21-C requirement. They all function, but they vary a great deal.

As I say, from that time on we made regular checks on it and they were usually doing everything correctly, but occasionally we still found some dry sweeping going on, occasionally less than the amount of water being put on the material before it was taken off and occasionally we found somebody in the area who had wandered through.

There was also the later problem that some asbestos was getting out into the airport, used by the public. We have no jurisdiction there, but we did set in motion an arrangement with our health branch and the Ministry of the Environment to test that area as well at the request of Transport Canada. Perhaps this will be sufficient information for you on this.

I forgot to mention that we did offer extra examination for the workers. This was in a telephone call to the foreman for Venture; and I can't recall his name off hand. We talked twice on the phone. I said, "Your men can be tested downtown at our laboratory at 50 Grosvenor. If you want to get them down there, we can get that set up for you in a day or two, for a complete testing and an x-ray right there."

He didn't accept that offer; he preferred to have it done at the job. We had the mobile clinic up there twice. It was last there on August 30, and there were 19 men x-rayed at that time. We can't compel x-raying; we only can offer it. They were there earlier, but I haven't got that figure with me.

I had it checked out on October 17, or a week ago, just in case anything had developed since that time. We were in there on August 11 with his supervisor, and there were no contraventions and very little activity; the electricians' strike was going on at the time. We were back on August 28; again there was no activity and on contraventions.

On September 20, with the strike over, they went back in and left an order to Venture Metalcraft Limited regarding residue on the floors. I imagine they hadn't been cleaning up fast enough; that's the implication from that. An order, again to Eastern Construction, regarding the wearing of approved masks; they must have found someone not wearing one. That's an ongoing problem. I don't know how to make a man keep a mask on—or a hard hat, for that matter; we've seen it.

**Mr. Laughren:** I spent half a day in the United Asbestos Mine in Matachewan. I was



wearing a mask and I just kept wanting to take it off. It's hot and uncomfortable; it may not technically restrict your intake of air—I don't know—but you sure feel that it does. I can imagine trying to spend your life wearing one of those things. The one I was wearing was the cheap disposable kind, naturally.

**Mr. Cleverdon:** We were back October 6; again there were no contraventions but they mentioned that the ceiling between E and H areas was not quite well taped up, which meant that some of it was getting out into the passenger terminal again. We were back on October 17, when there was no contraventions noted. So we are keeping a regular watch on the project. Is that sufficient?

**Mr. Laughren:** Yes, that's the kind of follow-up we'd sure like to see. But some of those things that the union had asked for, the ironworkers in particular, didn't seem unreasonable to me—and I don't know yet whether they have been done—such as the portable change rooms or showers that they could have wheeled in there. It's not a typical construction job, and I understand that there could be special problems, but I think that's the kind of thing that could have been done.

**Mr. Armstrong:** I wonder if I could ask for a point of clarification about what Mr. Cleverdon said. This was a project being constructed on federal property. As a matter of interest, what was the applicable legislation? Was it part V of the Canada Labour Code or was it Ontario legislation?

**Mr. Cleverdon:** In the absence of any court decisions that bind us, we have agreed with Transport Canada that we have jurisdiction under our Act over all work being done for them by their contractors and their contractors' employees, but not their own employees. We could not order a Transport Canada inspector to do anything out there, but they say we have jurisdiction over their contractors' employees; we've all agreed upon that.

**Mr. Laughren:** Is that not the same as the uranium mines? The same kind of arrangement?

**Hon. B. Stephenson:** I wish it were that clear in the uranium mines.

**Mr. Cleverdon:** This was negotiated with us. They came to us. They wanted no trouble at all and they made it very clear they will not give up the right to say we have jurisdiction, and they also have a caveat in all of their letters to us about their work. This applies to Terminal 1 and Terminal 2, but they say, "As far as we are concerned you go in and you enforce as if you had full jurisdiction over it."

I am sorry, I forgot one point that is quite important. Mr. Passfield did go out, he offered to go, and had a meeting with all the trades out there roughly a week after the second visit. I cannot recall who were there, but there was a large group of people present when he explained to all that this was a potentially very serious area. I should mention this, it is very rare to get involved in taking off asbestos insulation. It's just the odd time this would occur where you have a risk to it. It is very rare.

**Mr. Laughren:** There were a number of very unusual circumstances about that problem. I understand that. Now that we have raised the uranium mines thing, what is the problem with jurisdiction there? Could that not be resolved the same way that Mr. Cleverdon was talking about?

**Hon. B. Stephenson:** We are trying. There have been discussions between the federal Department of Labour, the Atomic Energy Control Board, the federal Department of National Health and Welfare—and who else is involved? There are three federal jurisdictions.

**Mr. Laughren:** Culture and Recreation?

**Hon. B. Stephenson:** I do not know, I really don't. I get a little discouraged at times. The only thing I know we have specific jurisdiction for is providing compensation under the Workmen's Compensation Act, but to try to straighten out right at the moment where our jurisdictional limits are, or whether we even have any jurisdiction within the uranium mines, is really kind of difficult.

We are attempting to resolve it, because it is an ongoing problem for us, and we feel very strongly that if the workers in other mines in the province of Ontario are protected by the occupational health and safety laws of the province of Ontario, the miners in the uranium mines should receive precisely the same kind of protection; there has been a lot of confusion about it.

**Mr. Laughren:** This is a final remark, the committee has been most patient with me as I have used up a lot of time. So that you do not put all the blame on your officials for the delays in activity; my April 18 letter to you concerning Toronto International Airport, you responded to on June 27.

**Hon. B. Stephenson:** Oh, good. On June 27? There was that intervening period of time, I think, that—

**Mr. Hennessy:** Mr. Chairman, it is so long ago that this remark was made, I—

**Mr. Laughren:** That is not my fault.

**Mr. Hennessy:** I am very happy that the gentleman did not go to 12:30; as I was about to say, Mr. di Santo made a remark

a regard to the hot line. I would assume there are thousands of Italian workers in the Toronto area. For him to make a statement that nobody would call, he must be the man from above and know exactly what everybody is going to do. I am sure that somebody is going to call. To make the statement that nobody is going to make a call to the hot line is a little ridiculous, as far as I am concerned.

**Mr. Laughren:** I am going to call tonight.

**Mr. Hennessy:** If you speak Italian, all right.

**Hon. B. Stephenson:** The hot line has been useful, there is no doubt about that. It not only provided the service for which it was designed, it provided more service for areas other than that for which it was designed.

**Mr. Hennessy:** To say nobody is going to call—I would like to have him at the race-track.

**Mr. Chairman:** Mr. Bounsall.

**Mr. Bounsall:** I just have a few questions. Some of those I had were answered in the replies to Mr. Laughren two sessions ago and covered by Mr. Laughren here today.

One is the number of industrial hygienists. Your aimed-at complement was 18. Is that the number you would prefer, Dr. May, to have in the program for example? Or is that a realistic estimate of what you would be able to hire with the current lack of trained personnel in this area?

If you were given a free hand, how many industrial hygienists would you really feel you would like to have in the program, or need in the program to carry this out?

**12:15]**

**Mr. Nelson:** To get started, I would like to see 38. That might not do the job, but this is one estimate we've come up with. What isn't said here is the in addition to the 18 industrial hygienists, exclusive of physicians, there are 12 field technicians who go out. Really, we are talking about 30 field staff in the engineering-technician line.

**Mr. Bounsall:** Are you counting that among the 38 you would like to see?

**Mr. Nelson:** No. The figures I have here are 38 and 36. I am not saying these would do the job, but these are the ones that—

**Mr. Bounsall:** So 38 is sort of the minimum you would like to see. You are not really sure that you don't need more.

**Mr. Nelson:** Yes.

**Mr. Bounsall:** I gather that the short-term aim is 18.

**Mr. Nelson:** That's right.

**Mr. Bounsall:** Are the other 20 vacancies being kept open?

**Mr. Nelson:** Those aren't vacancies. These are projected numbers that have gone out.

**Mr. McClellan:** Where are you going to get that 38?

**Mr. Nelson:** No, there aren't 38, there are 18.

**Mr. McClellan:** Where are you going to find 38 industrial hygienists?

**Mr. Nelson:** This would be a long term project, it would take several years before we could even consider that number.

**Mr. Bounsall:** That's my worry about this whole program. We don't have enough properly qualified people going out there to perform the job for us.

**Mr. Nelson:** I think that concern is shared throughout Ontario, really.

**Hon. B. Stephenson:** Throughout Ontario?

**Mr. Nelson:** Okay, throughout the world.

**Mr. Bounsall:** Of this 18 at which you are willing to sort of aim at the moment, there are still those seven vacancies. Maybe one of those is someone who is coming—they are virtually having to come, really, from other jurisdictions. Is there any problem at all with getting those people here? I assume that from the minister's statement, from what we've heard here today, the case is very well made, in the sense that we don't have many of these available in Ontario or Canada from which to hire. Is there any problem with immigration in getting these people here from another country when you find them and they are willing to take the job, is that very straightforward? They take the job and in they come.

**Dr. May:** I don't think there will be as long as we have satisfied the basic requirement that we have searched the market in Canada and there is none available.

**Mr. Bounsall:** I assume you have done that?

**Dr. May:** We have really searched the market, yes.

**Mr. Bounsall:** If the immigration people ask, they already know you have done this and there is no problem whatsoever on this point?

**Dr. May:** Yes. If we don't find any when the advertising is completed, by then we have identified seven others we would like to contact, if someone else hasn't snapped them up in the meantime.

**Mr. Bounsall:** You have identified seven others?

**Dr. May:** Yes, outside this country.

**Mr. Bounsall:** I am confused by something you have just said now. When the advertising is completed?

**Dr. May:** That's right.

**Mr. Bounsall:** You mean you haven't made the case yet that you need them?

**Mr. Nelson:** Yes, the advertising has been completed. It's a case now of going to the interview stage. I think we have about a dozen applications that have to be looked into. This will be in the very near future.

**Mr. Bounsall:** I was just concerned that with the 18 and with the hiring of these seven that there is no hold up. I hope there hasn't been—

**Dr. May:** No.

**Mr. Bounsall:** —in terms of having them able to come in and take these jobs.

**Dr. May:** We must look at these 12 first.

**Mr. Nelson:** What has happened in the last few weeks is actually a slight change in the requirement here so that it's opened up the possibility of a few more people who might have training to fit into the job.

**Mr. Bounsall:** These 12 you are now talking about are Canadians who have turned up whom you have either to hire or prove that they aren't qualified.

**Dr. May:** They don't replace this group.

**Mr. Nelson:** They were Canadian citizens at the time they were hired or Canadian residents, let's put it that way.

**Mr. Bounsall:** Have you looked at these 12 yet or not?

**Mr. Nelson:** We have 12.

**Mr. Bounsall:** These are 12 you have already hired.

**Hon. B. Stephenson:** Yes.

**Mr. Bounsall:** These aren't applicants for the other seven positions.

**Hon. B. Stephenson:** No. The 12 applicants for the other seven posts have gone through preliminary examination, as Mr. Nelson said. The final stage, which is the interview stage, has yet to be completed. When that is completed, if there are those who are qualified they will be hired. If there are a number who are not qualified and we don't have a sufficient number of Canadian citizens, then we have met the requirements of the Department of Employment and Immigration in Ottawa to facilitate, hopefully, the hiring of the seven who have been identified elsewhere.

**Mr. Bounsall:** Will this be completed very

shortly? What time-frame will you be looking at in the interviews and the elimination so that you can go out and bring in the other people you would like to bring in but have to go through this—

**Mr. Nelson:** It shouldn't be more than two weeks at the most.

**Mr. Bounsall:** How long ago have the other seven been on tap? You mention worry about having lost them.

**Mr. Nelson:** Actually two months.

**Mr. Bounsall:** Two months? Are these persons all currently working in a location which you're hiring them away from?

**Dr. May:** These seven are in the United Kingdom, at the University of Aston in Birmingham. They have just completed their Master's program in occupational health.

**Mr. Bounsall:** So you had hoped to get a letter out to them, or a telex or telephonic call, within three weeks?

**Mr. Nelson:** That's right.

**Mr. Haggerty:** Where has this advertising taken place?

**Hon. B. Stephenson:** Right across Canada.

**Mr. Haggerty:** In what newspapers?

**Mr. Nelson:** It has been advertised in the Globe and Mail, in a newspaper called Engineering and in the American Industrial Hygiene Association Journal.

**Mr. Haggerty:** Nothing at the university level at all?

**Mr. Nelson:** Not specifically in the universities. There are really no trained industrial hygienists coming out of the universities in Canada.

**Mr. Haggerty:** Are you sure of that?

**Mr. Nelson:** Yes.

**Hon. B. Stephenson:** There are no courses

**Dr. May:** There are no programs.

**Mr. Bounsall:** This leads into my second question. What talks are you having with the Ministry of Colleges and Universities about developing programs here in Ontario?

**Hon. B. Stephenson:** We have been having ongoing discussions, not only with the Ministry of Colleges and Universities but also with some university personnel and college personnel, in a preliminary way. The applications have been developed for the funding which we have available under the lottery program, which have been submitted and which will be cleared, hopefully, within the next week or so.

**Mr. Bounsall:** I mentioned that because of your statement to the Ontario Medical Association



iation of October 5 was quite clear on the need for these people. You specified the breakdown and the numbers and so on for Canada. I assume on the basis of population our needs would be roughly one-third of that, or even more, because of the programs we're instituting here. That should lead to a pretty firm conclusion as to what type of program should be instituted out there in the colleges and universities.

**Hon. B. Stephenson:** One of the first activities that Dr. May became engaged in when he accepted the post of assistant deputy minister was the initiation of discussions with the appropriate educational people, both in the ministry and outside the ministry, about the best way in which programs could be developed to meet our needs, and that's been an ongoing activity. It also happens to be one of his pet projects.

**Mr. Bounsall:** What programs, Dr. May, do you have in mind that you hope would be completed and finalized within a week or two for the training of the nurses, the doctors, the hygienists, the engineers and so on which the ministry has said, no doubt correctly, are needed?

**Dr. May:** There's no way you can finalize these in a week or two.

**Mr. Bounsall:** What are you looking at?

**Dr. May:** It's a question of a minimum of six months before such a program can start.

**Mr. Bounsall:** No, no. I don't mean that. I know you can't get the program started within a week or two, but I gather there are talks going on as to what programs will get started?

**Hon. B. Stephenson:** The decisions that will be made within that short space of time are the decisions about the kind of programs proposed by various educational institutions, either separately or in concert, in order to meet the needs that have been identified.

**Dr. May:** These include one or two-year programs for positions in occupational health; for occupational health nurses, for occupational hygienists, for technicians; and anyone who can be usefully employed both within the occupational health and safety division—because we need them too, as well as in industry outside. It is covering the whole spectrum of needs.

**Mr. Bounsall:** Just to take an example, the occupational health nurse, is that an additional specialized training on top of general training?

**Dr. May:** On top of RN training.

**Mr. Bounsall:** And how long is that?

**Dr. May:** Approximately one year.

**Mr. Bounsall:** A year on top of RN training. And the industrial hygienist, that's the graduate program that you talked about is it?

**Dr. May:** Yes.

**Mr. Bounsall:** And the route you're going there, is it one-year?

**Dr. May:** There are three ways of doing this. First there is the occupational hygienist, using that in the very loose sense, who has had experience in industry, who may want to get a master's degree in occupational hygiene; then there is someone who has some engineering background and who needs to have this enriched by doing specific occupational hygiene. The third route is for those people who have three to five years of experience in industry, who perhaps want to obtain the American board certification in occupational hygiene. There are several levels involved in this; technician, technologist, hygienist in training, and then hygienist.

**Mr. Bounsall:** You say you'll be looking at these proposals submitted to you from the various bodies or educational institutions. Have you got lots of them? You have a plethora of applications for programs, for picking and choosing which might be the best to fund and get going.

**Hon. B. Stephenson:** Right.

**Dr. May:** What we don't want to see develop are a lot of programs, none of which is complete, because there is a limited number of people available to do the instruction in the programs.

**Mr. Bounsall:** That's a worry too.

**Dr. May:** There is a need for some additional people; if they are not available in this country then we have to get them outside this country to start off the education and training process.

**Mr. Bounsall:** The training, apart from the nurses—but maybe in the nurses' situation as well—is that a university-oriented program?

**Dr. May:** Some can be; and some can be done through community colleges.

**Mr. Bounsall:** Will the nurses' program be run through the community colleges?

**Dr. May:** There is already one being run at Algonquin College.

**Mr. Bounsall:** But that's where you see the nurses training in the colleges.

**Dr. May:** They could be in either.

**Mr. Bounsall:** From the applications you have from across the province, is there a good geographic spread as well? Will there be some northern colleges so that it is not just centred in Toronto? Is there a good spread across the province?

**Dr. May:** There has to be; otherwise you

will never get these people to go to these courses.

**Mr. Bounsall:** Where will the staff come from?

**Dr. May:** To train these people?

**Mr. Bounsall:** Yes, are they located?

**Dr. May:** No, they are not. This is one of the problems. That is why we have to import some people to do this and locate them in those places where it is appropriate to run the courses. There just aren't any people available to do the training and education, other than the staff that exists in the occupational health and safety division. If they are taken off that, then the programs have to stop, they can't do both.

**Hon. B. Stephenson:** There has been some initiative on the part of some educational institutions to explore the availability of potential teachers. Some of them have been successful thus far. I am sure some of them are waiting to see what the result of the decision of the grants committee will be before they complete their explorations. But certainly they have made tentative approaches; and McMaster's approach is certainly less than tentative.

**Mr. Bounsall:** I had some questions in other areas but they are fairly general and we have spent a long time on health and safety. Perhaps I will save them for question period or for the bill when we come to it; or next year's estimates even.

Vote 2304 agreed to.

**Mr. Laughren:** May I raise a point of order?

**Mr. Chairman:** Yes, sir.

**Mr. Laughren:** I don't know if that's the right term, but has the committee discussed when the WCB will come before the resources development committee?

**Mr. Chairman:** No, we haven't had an opportunity to discuss this yet, Mr. Laughren. There seems to be a shortage of time, that is the problem we have here. Under the resources development committee we have something like 115 hours, which will take an excess of three months according to my calculations.

**Mr. Haggerty:** It can be called before the procedural affairs committee though, can't it?

**Hon. B. Stephenson:** Yes, before any committee of the Legislature.

**Mr. Haggerty:** I think the procedural affairs committee is one that they can be required to appear before.

**Mr. Laughren:** We meet again tomorrow morning. Could we discuss this tomorrow?

**Mr. Chairman:** We could discuss this tomorrow.

**Hon. B. Stephenson:** Could we begin at 9.30 tomorrow morning?

**Mr. Chairman:** We have two and one-half hours left under the Labour estimates. The minister has asked if we could start at 9.30 and finish by 12 o'clock. Is that agreeable to the committee?

Thank you very much. Let's all be here on time.

The committee adjourned at 12:32 p.m.

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No. R-20

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Labour



**First Session, 31st Parliament**

Thursday, October 27, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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## LEGISLATURE OF ONTARIO

THURSDAY, OCTOBER 27, 1977

The committee met at 10:09 a.m.

### ESTIMATES, MINISTRY OF LABOUR (concluded)

On vote 2305, employment standards program:

**Mr. Chairman:** Before we go ahead, I would like to notify the members of the committee that Mr. Haggerty will be sitting in for Mr. O'Neil and Mr. Cassidy will be sitting in for Mr. Charlton this morning. We will go ahead with vote 2305. I think Mr. Haggerty is first on our list.

**Mr. Haggerty:** Has the minister any opening comments on this vote?

**Hon. B. Stephenson:** No.

**Mr. Haggerty:** I would like to discuss some areas of the Employment Standards Act—hours of work, termination and overtime pay. I will cover that area this morning.

I was wondering if the minister has any future plans to make some amendments to the Employment Standards Act or the regulations, particularly as it relates to the present crisis of unemployment in Ontario, the crisis of the layoffs at Inco in Ontario and from the indications in the Globe and Mail this morning. I think the minister is going to have to make amendments to the Employment Standards Act with respect to the hours of work. I think it has been discussed in the committee here in previous years, and by myself in particular, that hours of work should be limited to the level of 40 hours a week. In other words, what I'm saying is I don't think we should permit the overtime under the circumstances of unemployment in Ontario today.

There are a number of industries today, particularly the automobile industry, that are working many hours of overtime where 40 hours a week should apply. I can recall in my early days of employment, when I was a member of a union and chief steward, we went out on strike. The main purpose of that was to fight for the 40-hour week. I might say in this particular industry where I worked in the city of Port Colborne, we went out on strike for some three or four months. Finally, it broke the company. It went into receivership through that strike. But we won a point. We got our 40 hours a week and

started establishing the 40-hour week throughout the community. Somebody had to pay for it and I was one of those who had to pay for it.

Based upon that principle of 40 hours a week which is something that unions have been fighting for over the years, I think it's time that the government moved in that direction now to bring it down to 40 hours a week and no overtime. I'm sure that you could create employment in industry in Ontario.

We can look at Inco in Sudbury where it had a bonus program this year. The miners produced very well, there's no doubt about it. They increased their income throughout the year but there is a layoff now. One reason can be related to this production bonus where, as long as they can get the ore on top of the ground, that's what the industry wants. But somebody had to pay for it and they're paying for it now.

Another matter concerns the minutes that are set aside in the work period for the lunch-hour break. I often feel that the director of the employment standards branch has just a little bit too much authority in this particular area. In a number of cases, some of the employees working in the industry had only as much as a 15-minute break for their lunch period. I think the minimum should be one-half hour.

This is a three-way street instead of a two-way street where a director can go in and sign an agreement with management saying that it will only be 15 minutes. Many persons today are employed in industry who are in charge of running a particular machine that may keep the production line going for four straight hours without having a personal break. I think when they're running this type of machinery they should have at least half an hour for a dinner break. I suggest to you that when the director goes into the industry he should consult with the union and consult with the employees on this particular matter.

The other areas are related to the termination of employment. With the present unemployment situation in Ontario, as I mentioned before, you're going to have to bring in regulations to the Employment Standards Act in the case where you have 500 or more em-



ployees—you have to give 90 days' notice, is it?

[10:15]

**Hon. B. Stephenson:** It's 16 weeks if it's over 500.

**Mr. Haggerty:** Sixteen weeks. I think that should be advanced to at least 20 weeks. And before any notice of termination of employment in any industry I think that industry should be consulting the minister first. You should be one of the first to be notified of the intention to lay off.

**Hon. B. Stephenson:** We are now, as you know, but 16 weeks in advance.

**Mr. Haggerty:** Yes, we are now. After the crisis of the last two or three weeks here I think you're going to have to change the regulations on this particular area to increase it to 20 weeks to make sure that employees have ample notice of it and to make sure that there is no discrimination through employment practices.

I raised this matter with the minister the other day during the question period—that I thought there were unfair labour practices being carried out by Inco in Port Colborne stemming from their layoff notice of September 8, I believe it was. People were told they would be given the opportunity to be placed in other Inco plants and that some could be transferred to Sudbury, I don't think you're going to see any of the 377-odd persons who have received notice of termination placed in Sudbury employment by Inco. I feel that the employees in the Port Colborne area have been misled and I'd say this is an unfair employment practice.

I mentioned the other day that I thought the employees laid off in Sudbury should be treated in the same way as those persons in the Port Colborne plant who have been given notice of layoff, that their severance pay should be the same in Sudbury as it is in Port Colborne. As I understand it there are some 98 in Port Colborne who have gone on pension since this layoff notice was issued. I imagine those on pension will be between the ages of 56 and 57 and will receive a lump sum of around \$18,000 severance pay and that that can be worked out to so much per month until the age of 65.

Apparently that same policy does not apply to the layoff at Inco in Sudbury. The employees who have, I think, up to five years' service, can receive \$300 a year severance pay times the number of years of service, so they could get maybe, \$1,500 or \$2,000 a year. Anybody with above 10 years' service I think receives either \$500 or \$600 and it can be spread out. The \$500 is given to them

if they want a recall; the \$600 is given to them on straight severance allowance. So someone in that area would be receiving about \$5,000 to \$6,000 if he has 10 years' seniority. I suggest that if the company doesn't follow that principle then it's an unfair employment practice and they should be taken to task for it.

I mentioned the other day, too, in the questionnaire that I thought that some of them were being intimidated. The local union representative, the president of the union, Ray Moreau, has indicated that there are about 70 persons who have a partial disability and who are presently at Inco in Port Colborne on modified light duty work. Apparently all these employees have been taken in by management and have been advised that after a certain length of time, probably January, their jobs will not be there, so you might as well say that these jobs have been terminated too. So when you look at it, you're going to see more than 384 personnel laid off at Inco; you're going to see about 60 or 70 other persons going too. I suggest that your ministry should be looking into this to see that good faith bargaining continues in that particular area.

The other area to which I would like to direct some questions is the matter of youth employment as it relates to the tourist industry. I understand that you are doing a study, or a study is being completed by one of the ministries. Has that study been completed yet?

**Hon. B. Stephenson:** I gather the preliminary figures are now in on the Ontario Youth Employment Program for this summer, which was one of those we wanted to look at.

**Mr. Haggerty:** You wouldn't have any information on that at all then?

**Hon. B. Stephenson:** I don't have it at hand right at the moment, no. I think the research branch has it for initial analysis.

**Mr. Haggerty:** Is there any policy change in the matter of the 10 cent differential for learners—that is the persons who are coming into the industry—or—

**Hon. B. Stephenson:** Has there been any change? There are no changes.

**Mr. Haggerty:** There are no changes. You are not going to revise any program at all to encourage—

**Hon. B. Stephenson:** I didn't say that. I said there has not been any change.

**Mr. Haggerty:** There hasn't been any change. Then are you considering any changes to upgrade it so that we can get many of these young persons—

**Hon. B. Stephenson:** Are you suggesting that there be a greater differential for learners?

**Mr. Haggerty:** To get these persons employed you must have some encouragement for industry; the 10 cents isn't quite enough. The problem for many of these youngsters between 18 and 25 in finding employment is that they lack experience. Maybe there should be some assistance given in this particular area so they can get that experience through some subsidy to the industry that employs them—perhaps it could be classed as a training program; even part of an apprenticeship program—to give these youngsters an opportunity to be employed. In other words, I am suggesting a worker training and education program. It can be perhaps in conjunction with plans from the Ministry of Education or through Manpower.

**Hon. B. Stephenson:** Part of many contractual arrangements under collective agreements includes this kind of differential in the early employment of people coming into a work force. It's something that could be looked at.

**Mr. Haggerty:** I think you should broaden it out beyond any collective agreement; I think it should apply to any industry in Ontario. Has the minister any comment on the latest announcement by the federal Minister of Labour concerning the protection for employees against unjust discharge, coupled with compulsory increases as experience increases, I guess that's about what it is.

**Hon. B. Stephenson:** I am sorry, I didn't hear the—

**Mr. Haggerty:** Are you considering any program in conjunction with the federal Minister of Labour's announcement last night or this morning—it was in the *Globe* and *Mail*—concerning protection for employees against unjust discharge? I suppose through termination of employment, being fired or dismissed without going through the—If you belong to a union, you actually have recourse to the Labour Relations Act, I believe, but any other—

**Hon. B. Stephenson:** Do you want me to answer that right now or do you want me to answer it in conjunction with all of the other questions—

**Mr. Haggerty:** Yes, all right. You can go all the way down the line. Those are some of the points that I wanted to raise with the minister.

**Mr. Chairman:** Mr. Haggerty, are you through now?

**Mr. Haggerty:** Yes. All right, go ahead then. She can reply to some of the questions.

**Hon. B. Stephenson:** We began early this year a complete review of all of our employment standards legislation with a view to modification of that legislation where it would appear to be appropriate. That review has been completed within the committee that's been doing it. It has not as yet been completed in terms of the ministry committee which will be examining the review. We have looked at many of these specific problems which you raise, like hours of work.

The lunch break problem is one which I thought we had resolved reasonably well in that it's the policy of the branch that modifications from the standard lunch break are only allowed by the director when there is agreement among the employees that the modification is adequate or is acceptable to them. It's not written into the Act, I don't think, but it certainly is the policy of the branch that that's the way it will be dealt with. We don't provide for modifications agreed to by the director, unless the discussions with the employees have been held and there has been an agreement among the employees that there could be a reduction of the lunch break for purposes which they see as beneficial to them.

**Mr. Haggerty:** I hear the other side of the story which is that many persons employed in industry are not consulted about it, and particularly the unions. There's nothing they can do because the agreement has been signed between the director and management. I don't think you're consulting the employees themselves or the unions.

**Mr. Scott:** We get a statement from the employer in many cases that the employees are in agreement with the reduced lunch break. This is supported by many employees, who say they want the shorter break in order that they can get home earlier. If you just indiscriminately hold it to a rigid half-hour, you can create some hardship on the employee that he doesn't accept.

**Mr. Haggerty:** Perhaps I should make myself clear. I'm talking about those on shift work.

**Mr. Scott:** You're talking about the person who's on eight hours.

**Mr. Haggerty:** When they're on shift work, they may be working from 7 to 3 in the afternoon or from 3 to 11 in that type of employment situation. For them 15 minutes actually isn't enough. Particularly, I relate it to those machine operators who hardly have time even to get off the machine for personal reasons.



**Mr. Scott:** Those are paid lunch breaks.

**Mr. Haggerty:** Those are paid lunch breaks.

**Mr. Scott:** That's what you can interfere with by establishing other conditions where it becomes an unpaid lunch break. This is where the employee resists. You can't satisfy all employees.

**Mr. Haggerty:** No, but what I'm suggesting is that there are instances where the person running a machine almost has to stand there feeding a sandwich into himself, for Pete's sake, while the machine is running. They still don't get that break.

**Mr. Scott:** What we approve there is that the employee must have time off away from the machine to eat and to attend to his personal needs. That's pretty well the approval that is put in the agreement that is set up.

**Mr. Haggerty:** If he attends to his personal needs, he hasn't got too much time to be eating then, if he's going to continue for four hours.

**Hon. B. Stephenson:** Both are included.

**Mr. Scott:** It's something we can take a stronger look at.

**Mr. Haggerty:** The industry I'm making reference to is Stelco's Page-Hersey plant in Welland, Ontario.

**Mr. Scott:** I am not aware of it specifically. I will look into it, though.

**Hon. B. Stephenson:** The problems of terminations, pay in lieu of and the other matters related to that are also a part of the review. I would just comment that we are exploring similar programs because we feel it would be a rational approach to the potential solution of problems at Inco to look at the kind of programs which Inco established for its Port Colborne employees. I guess there's a difference, in that the Port Colborne operation, that portion of it, is being shut down permanently. It is not a matter of re-opening that portion of the operation. The program which they established was on that basis.

I think there are some very good precedents which they have established with that program which should be applied. If it's possible to use our persuasive powers to do so, then that's what we will do.

**Mr. Haggerty:** They have a very healthy pension fund there.

**Hon. B. Stephenson:** Yes.

**Mr. Haggerty:** There's no excuse that they can't be treated alike.

**Hon. B. Stephenson:** What we are attempting to do is to ask them to apply the appropriate portions of that of the senior members of the work force in the Sudbury area. This is

being explored with the company. The union certainly supports that idea. But there is a difference in that it is not a total termination, as far as Sudbury is concerned. It's a layoff.

**Mr. Haggerty:** I think that's a matter of—

**Hon. B. Stephenson:** Of semantics?

The potential for future activity is certainly greater where there's a layoff than where it is a plant closing.

**Mr. Haggerty:** At one time, in the nickel operations in the city of Port Colborne, at the refinery there, I think they had around 2,200 to 2,400 full-time employees. After this latest notice of layoff, it will be reduced to 771 personnel. That's over a period of maybe 20 years. You have the same situation in the Sudbury basin. Perhaps Mr. Laughren knows more about it than I do, but I imagine they had somewhere around 22,000 employees and now it's down to 13,000.

[10:30]

**Hon. B. Stephenson:** No.

**Mr. Haggerty:** It can be looked upon as a gradual phase-out over the years as a result of technology. There's no doubt that Inco has the technology in that particular industry; it has pioneered it, you might say. But through the application of the new process in the nickel industry, and particularly in the Sudbury basin, through the application of the carbonyl process, it is going to reduce the man-hours required for the same amount of production.

**Hon. B. Stephenson:** Yes.

**Mr. Haggerty:** This is a matter of a phase-out in a sense of these employees in the Sudbury basin, because I don't think they are ever going to go back to the level of 22,000 employees or to 15,000 or 16,000.

**Mr. Laughren:** It's the twilight of capitalism.

**Hon. B. Stephenson:** It would be disastrous for you if it is.

**Mr. Haggerty:** I think anybody can read the picture as it relates to the mining industry. It has happened in almost every industry. They have had to go through advanced stages of technology to be competitive.

If you want the high wages here, compared to what they are going to pay in the Dominican Republic, which is about 50 cents an hour, we are not being competitive in the sense of the man-hours required for the production of nickel.

**Mr. Laughren:** Like the doctors.

**Mr. Haggerty:** If you take another look at it, though, I think the opportunity is there for labour to invest in Inco. They can do it



through a union. As many times as unions have complained about massive layoffs in industry, they have had the opportunity to go in—and they have a sufficient amount of funds; there is no doubt about it—to invest in the industry and to become shareholders.

**Mr. Mackenzie:** What unions are you talking about?

**Mr. Haggerty:** The United Steelworkers of America. Look at the unions in the United States: they have invested in real estate but they haven't invested the returns to make sure there is going to be employment for their own men, the ones who contribute to that fund. I know Mr. Mackenzie is looking at this matter here, but he doesn't look at it and say that they had the wealth to do it if they wanted to.

**Mr. Laughren:** Ray, would you pay for my election campaign?

**Mr. Haggerty:** You have to do the same as I do: pay for your own.

**Mr. Laughren:** That's right. So you are asking the workers to become the bosses.

**Mr. Haggerty:** Somebody has to be the boss, no matter how you look at it. You've got bosses running the unions. I am saying that labour has a right, through unions, if they want it, to use the capital that is generated by union dues every month to get into some of this and give it a try to see if they can run an industry. All I am suggesting is that the wealth is there from both sides. But that's not getting back to what we want here.

**Hon. B. Stephenson:** And there is a common goal in the preservation of the industry to provide not only profit for the employer but employment for the employees as well so that the common goal is probably something which should be looked at.

Your question about the termination of disabled or partially disabled or those who are capable of doing light work only at Port Colborne is one which we are going to try to examine to see if there is a solution to it. Are you saying that these are individuals who are not employed in that portion of the plant which is being phased out completely? Are they employed in other areas?

**Mr. Haggerty:** I don't know. I only received a call from the president of the union, Ray Moreau, advising me that they have been calling in those persons who have jobs that are classed as light-duty jobs because of an injury received in the industry, and telling them that after a period of time the jobs will not be available for them. They are told they will have to do the same amount

of work as anybody else in the industry. In other words, they are saying, "There is no place here for you. You'll have to take your retirement and get out."

I can tell you that I have written to the chairman of the Workmen's Compensation Board concerning this type of action by the industry, saying that it is an injustice and a wrong interpretation of the Act. Some of the letters going back to these employees are saying, "Quit the job. Get out of Inco and go some place else and look for a job." But you just can't give up after 15 or 20 years.

**Hon. B. Stephenson:** That one I will look at, as I said the other day. I haven't seen the discharge proposals in detail which have been, I think, briefly outlined by Mr. Munro and I want to look at that. But that also is a part of the review of the Employment Standards Act which we're carrying out—certainly with a view to making modifications to the Act.

**Mr. Haggerty:** I didn't know whether it applied to all—

**Hon. B. Stephenson:** No, no. It applies to—

**Mr. Haggerty:** —federal employees.

**Hon. B. Stephenson:** —to those workers in Canada who come under the federal labour code, which is transportation, communication, banks—all communication, yes.

**Mr. Chairman:** Do you have any further questions, Mr. Haggerty?

**Mr. Haggerty:** There is perhaps another question I can ask. Metro and some municipalities have established wage supplementation programs to improve the position of the working poor. Is the province going to enter into such a program as this? What are we going to do this winter when our—?

**Hon. B. Stephenson:** The program was at the initiative of the province, as a matter of fact, and that's how Metro got into it. The Ministry of Community and Social Services is responsible for that program. Under that ministry the municipalities were encouraged to participate in the program and Metro did participate. Some other communities have done so as well.

**Mr. Cunningham:** Are you finding savings on welfare?

**Hon. B. Stephenson:** I can't give you that information at the moment, because I don't have it. The initial results I think were just that, yes.

**Mr. Haggerty:** Has the minister or any of the cabinet given any consideration to re-introducing the winter works program to help ease the employment crisis that will be

much greater here in the winter months? Perhaps we'll be heading for 10 per cent.

**Hon. B. Stephenson:** Winter works specifically, no. Under the Canada Works program, I suppose it's quite possible the apportionment which the federal government decides Ontario will receive might be directed towards that kind of program. It seemed to me that Mr. Cullen's initial concern about Canada Works was that it provides jobs which were indeed meaningful and were likely to be longer term than simply winter works. However, I haven't heard him expand on that thesis in the last month or so.

**Mr. Haggerty:** From my experience with winter works, it's always been an asset to the municipality. In other words, they were getting some benefit out of it in some works project within the community that perhaps couldn't be borne by the taxpayer.

Years ago they used to do so much drainage throughout the municipality. They used to construct sidewalks. They'd get into the area of local improvements and matters of benefit to the community. All indications are that the unemployment situation is going to increase to a far greater extent in the months ahead. I was just wondering perhaps if there can be more dialogue with the federal government to provide some assistance to create employment in this particular area.

**Hon. B. Stephenson:** That dialogue is going on.

**Mr. Haggerty:** It's going on now?

**Hon. B. Stephenson:** Under the auspices of the Ontario Manpower Co-ordinating Committee.

**Mr. Haggerty:** What impact would your ministry have on it then?

**Hon. B. Stephenson:** The Ontario Manpower Co-ordinating Committee is part of the responsibility of the Ministry of Labour. The directions which are established by that committee, mind you, are not simply from the Ministry of Labour because there are many other ministries involved on the committee as well. But certainly we have a direct, and I think pretty important, contribution to make to it.

**Mr. Haggerty:** That's all the questions I have at the present time.

**Mr. Cassidy:** Madam Minister, I want to raise briefly with you a matter that I've raised with you privately. It's a matter which has troubled us in the Ottawa area and in eastern Ontario for a long time. It's the question of the restrictions put on Ontario workers by the province of Quebec as compared to the usual openness and generosity and reasonable treatment which Ontario has given to workers coming in from Quebec province.

This summer there were some Mohawk Indians from the St. Regis reserve—steeples-jacks who work around the continent in fact—painting on the interprovincial bridge in Ottawa. They got to the halfway point and they had to stop and the contractor was eventually compelled to find less qualified workers from somewhere on the other side of Montreal to come in. In addition, he had to pay—out of taxpayers funds, ultimately—about \$150 a week subsistence allowance to these fellows, because the local workers who were available but happened to come from the Ontario side didn't have the necessary hours to work in Quebec.

**Hon. B. Stephenson:** They didn't have the little card.

**Mr. Cassidy:** They didn't have a little card, that's right. Ontario's trade qualifications, which don't come under this ministry, are normally given on a temporary basis within 24 or 48 hours. The Ministry of Colleges and Universities is very obliging in that way. In Quebec it takes maybe two or three months if you get them at all.

The new Quebec labour code is setting qualifications which basically confirm what's been practised in the past, but are going to be a bit tougher. To get an "A" certificate in the construction trade you'll have to have at least 1,000 hours of work. If you're a Quebec worker, that can include work in Ontario, but if you're an Ontario worker, then work in Ontario doesn't count.

A "B" qualification is 500 hours and then everybody else is later in the queue. That means that if there's a job in Hull for which there is not a Hull resident—who obviously should have precedence for that job—they have to go to somebody from Montreal or Seven Islands, or to somebody local who has a "B" qualification and had some work in the industry in the past year. The Ontario worker is completely shut out.

What the Quebec government is doing is running a one-way screen. A Quebec-based worker who works in Ontario can move freely and work back in Quebec and an Ontario-based worker can simply not work in Quebec at all—with few exceptions.

If we're good neighbours, it seems to me that that doesn't mean you have to ignore this kind of situation. It's not a pinprick—it's a real blow, particularly with the shift of federal government construction in the Ottawa area from Ottawa over to Hull—in the interest, among other things, of national unity.

We have a common labour market in the Ottawa-Hull area. We always have had. In fact, in the construction trade that has been the case for much of eastern Ontario. This



is a problem that is also acute in the Cornwall area, as I think you know.

But it's only a common labour market if you happen to live on the Quebec side, because of the kind of barrier that I'm talking about.

**Hon. B. Stephenson:** Even that doesn't hold.

**Mr. Cassidy:** If you're a Quebec resident who has been working traditionally in Ontario, the situation had been that you would be shut out of working in Quebec. But as I understand it now, the hours in Ontario will count and those Quebec workers against whom an injustice was being done will no longer suffer it.

So in effect Quebec has taken care of its own, but in doing so has raised a very high artificial barrier to a reasonable handling of the cross-border market. I would like to say therefore that this is a time when the fear we've had in the past that we might endanger national unity by raising the matter has got to be put to one side.

I can tell you that the people in my riding are very concerned about this. They're suffering other pinpricks like the fact that if they drive a truck to go up to a cottage in the Gatineau they have to have a Quebec licence plate, even though they're just going up for pleasure. And there are all sorts of restrictions which are being laid upon them.

That's not our subject here though. Our subject here is why should an Ontario worker not have the same access to work in the border area—in the Hull area in particular, Hull-Gatineau, Buckingham and those areas—as a Quebec worker from those areas has in the Ottawa-Hull region.

Quebec's behaviour on this cross-border situation has been unreasonable. I think we should say so and I think that this government has got to recognize that it has been remiss in not being prepared to take a tough line with the Quebec government.

As far as I'm concerned, as an elected member for six years, I am prepared to see Ontario take a tough line in the interests of coming up with a reasonable final solution. A reasonable final solution, it seems to me, is that both provinces should recognize that there are special characteristics to the Ottawa River area and that whatever the rules are concerning Seven Islands and Montreal, that they should not be applied rigidly when it comes to people who are working in that border area.

[10:45]

Has the minister taken any action in order to protect the right to a job on the Quebec

side when jobs become available for people in the Ottawa-Cornwall-eastern Ontario region? What action does the minister have in mind, and is the minister prepared to recommend changes in legislation or policy in Ontario to match that of Quebec? In other words, that Ontario be as tough as Quebec with the declared view of bringing political pressure on the Quebec government through its workers who would thereby be affected. By so doing, Ontario could use that as a bargaining tool in order to get equitable treatment for our people so that they are treated exactly the same way as we treat Quebec workers.

**Hon. B. Stephenson:** The problem is not one that has surfaced recently. It has been the practice of the province of Quebec for, lo, these many years, particularly since the advent of Mr. Bourassa and company in the province. It has been codified now by the PQ government's program for restriction of employment opportunities for workers from outside of Quebec. It is a problem of which we have been acutely aware, one which has been explored at the official level. My deputy minister has been to Quebec on a couple of occasions attempting to find a solution or at least find a leak in the dike which has been built so that we might break it down.

In addition to that we have proposed a meeting between the Ministers of Labour of the provinces of Quebec and Ontario which has not been successful to this date. I think there are some signs that it will be in the not too distant future, for many reasons—most of which I think are irrelevant as a matter of fact. But the problem remains that the action which the province of Quebec has taken over the past several years has been one which obviously promotes the balkanization of Canada in terms of the employment opportunities for Canadian workers.

**Mr. Cassidy:** Exactly.

**Hon. B. Stephenson:** It is not a philosophy which I would like to enhance in any way. What I would rather do is find a way in which a more rational exchange of employment opportunities can be established between Ontario and Quebec than we have seen over the past few years.

When you go to Quebec and ask questions about this, they will be very happy to tell you that for many years Ontario workers enjoyed an advantage because they had skills which some Quebec workers did not have. They also say that in many of the construction projects, because there were Ontario contractors there, many Ontario workers enjoyed the privilege of construction, particularly in



Quebec. They produced figures—which are not current, mind you—which show that the exchange rate was probably equal for a number of years. I don't think that is so in the last couple of years at any rate, since the barriers have obviously become more rigid and the actions as a result of a more stringent application of the policies that were established earlier.

It is my hope that we will have a direct discussion with the Minister of Labour and hopefully with the Premier of Quebec as well, about this problem. Because it is one which is not decreasing. It seems to be increasing, although the modifications to their labour code in Quebec, as they are explained by the Quebec officials, would lead one to believe that there is real opportunity for Ontario workers to acquire that Quebec labour certification. It does not appear to us that it is happening.

Mr. Cassidy: No way.

Hon. B. Stephenson: I cannot see that it is possible, with the requirement that 1,000 hours of Quebec experience is absolutely essential. As you know, some of the problems were that our Ontario workers bought homes in Quebec. After living in the Ottawa region they moved to the Hull region, probably because the cost of housing was somewhat less. A number of those were very adversely affected until this latest slight modification has come out.

But it is a continuing problem which I would hope that we would be able to solve without emulating behaviour which I think is entirely foreign to what should be our Canadian philosophy—that is, the actual obstruction of movement of workers from one province to another.

Mr. Cassidy: I want to say to you, Madam Minister, that until workers resident—

Hon. B. Stephenson: That you don't think it will be possible.

Mr. Cassidy: This is the problem. Your approach has been tried for many, many years—including my friend Fern Guindon, who could speak to Quebecois in their own language—and it has not worked up until now. I understand what you are saying in terms of general philosophy. If that is the policy of the government of Quebec, there is not a heck of a lot we can do about it. But I want to suggest that as far as Ottawa-Hull is concerned, the balance has always been that there have been far more opportunities on the Ottawa side than there have been on the Quebec side.

Hon. B. Stephenson: Oh, yes.

Mr. Cassidy: I agree with that policy. I believe, though, that Quebec should be urged

to designate border areas and that Ontario should do likewise—

Hon. B. Stephenson: Yes.

Mr. Cassidy: —and that for employment on either side of the border in those zones, the working hours on the Ontario side should be deemed to qualify a worker to work on the Quebec side.

Hon. B. Stephenson: That has been proposed.

Mr. Cassidy: I would urge very strongly that be done, because there are enormously intense feelings of outrage, frustration and inequity among workers on the Ontario side. They feel quite rightly that the Queen's Park government of Bill Davis, Bette Stephenson, Fern Guindon and all the ministers before has been letting them down consistently. You have the chance to change that.

Hon. B. Stephenson: I suppose that is what their feeling might be. In the larger context, I would think that indeed their future has probably been better served by the refusal to emulate the stand which Quebec has taken. It is difficult, but it is something which we are trying to solve.

I am not sure that the route that I have suggested is the one which is going to provide a solution. I don't know that. But it is certainly the one I am going to pursue first, because I really would be very disturbed about being a part of any process which disrupted the ebb and flow of what should be the natural ebb and flow in Canada for the people who are Canadians.

Mr. Cassidy: Well, they have stopped the flow, and unless you are prepared to indicate that you might stop the ebb, I suspect that nothing is going to happen, Madam Minister. I say that with great regret, but I disagree completely with the policies of the Quebec government on this.

It seems to me that our difficulty is we have had nothing to negotiate with because we weren't prepared directly to affect anybody in Quebec. We were simply asking for access to their labour market. We weren't prepared to deny them any of the access that they have to ours, and therefore they weren't hurting, so why should they bother to negotiate?

Hon. B. Stephenson: They still are Canadians.

Mr. Cassidy: I would hope so. And I believe they ought to stay so. I urge you to be much tougher than your government has been in the past.

Mr. Mackenzie: There are a number of things that could come up under this particular vote, but we have obviously not

arranged our time nor asked for an allocation that was probably adequate. My colleagues have some key points to raise, so I want to deal with one point only, and deal with it relatively briefly. I think it is extremely important. It is the question that was raised in the opening remarks by Mr. Haggerty, the question of the hours of work and overtime in this province, and what the ministry might be prepared to do about it.

I want to first understand just exactly what is allowed now. As I understand it, it is a 48-hour work week, and 100 hours over is allowed before a permit is required. Am I correct?

**Mr. Scott:** A 48-hour work week; by permit you can work another 100 hours a year per employee beyond the 48.

**Mr. Mackenzie:** Is that 48-hour work week a total figure?

**Hon. B. Stephenson:** Yes.

**Mr. Mackenzie:** If there are 100 employees the company can work 100 times 48?

**Mr. Scott:** That is right.

**Mr. Mackenzie:** The same thing applies for a permit for the extra 100 hours?

**Mr. Scott:** That is right, sir.

**Mr. Mackenzie:** Which obviously means that some individual employees could be working more than the limit.

**Mr. Scott:** It is possible until the permit is exhausted.

**Mr. Mackenzie:** What is the recent experience with permits in the province? Do we get a lot of applications for them? You really wouldn't need them in most cases with that kind of a leeway.

**Mr. Scott:** I have the figures here that I can give you on that.

**Hon. B. Stephenson:** You are asking about the numbers of permits that have been requested?

**Mr. Mackenzie:** Really the number of permits at this point in time. If we had the time it would be important; if not, Madam Minister, the issue that I am really concerned with is the fact that we could have a situation—obviously the one that currently comes to mind is the Sudbury situation—where you have X thousand employees and you can work them all 48 hours as it stands now. The company can get a permit for an extra 100 hours for all of those employees. You are talking about one heck of a lot of jobs.

Obviously, we've had a heavy load of overtime—whether we've had permits or not I'm not aware, I haven't tried to check it—at Inco. The company has had the flexibility

to work the employees an awful lot of hours in that situation. What we've had over the last year is a pretty heavy stockpiling of material.

It would be interesting, if we had the time to go into it, to know if there are any inquiries by the ministry as to who else might be doing some stockpiling. I've had a couple of calls come in to me from fairly major industries in this province in the last few days that indicate the same thing is happening in their operations. It would be interesting to know, both in the resource field and in some of the basic manufacturing fields or some of the steel mills—you name it—if there is stockpiling going on.

What I'm concerned with is that we can work these employees 48 hours and then, by permit, another 100 hours. It's a global figure. We can do it to stockpile, if necessary, and then the people who are going to be hurt, of course, when we have to cut back, are the employees. It would seem to me that one of the things that could be done which would have a very decided effect on spreading some of the work around in this province would be to make some moves at this point in time on the hours of work.

I know the arguments that have gone on. It's been a suggestion made by the unions, probably made in this committee over the years. I'm wondering, in view of the situation in the province, whether or not the ministry is not seriously considering taking a look at the question of hours of work and the question of overtime.

**Hon. B. Stephenson:** We have been, yes.

**Mr. Mackenzie:** I get calls every week, I guess, from the Ford plant. If you talk to the top union people, they'll tell you they have a problem. They agree there should not be overtime, but there is overtime there. Some of the workers get themselves into a pretty heavy mortgage, or a debt situation on a purchase, and trying to keep their heads above water, they want overtime. Most of them recognize that what they're doing is hurting their fellow workers. An increasing number of them are beginning to say, "Hey, when do we call a halt to this?" The political pressures within a union will also sometimes make it difficult to fight this issue.

But because it's directly affecting the employment of people across this province and because we're now seeing some of the disastrous results in plant close-downs and suggested close-downs and slow-downs—you take a look at the Port Colborne figures or what we're likely facing in Anaconda and a number of other plants—you really begin to wonder, if we're seriously concerned about



employment, when we're going to tackle this problem as one of the fairly major components of the problem.

I really think that what the minister should be prepared to tell this committee is whether or not we are prepared to act or whether we're just going to continue looking at this and listening to the arguments that, "Oh, you may need it in special circumstances."

Hon. B. Stephenson: I think it's fair to say that we have looked at the hours of work very carefully and are prepared to make some modification, yes.

Mr. Mackenzie: Are these something that we can expect in the very near future? I would like to know because I think that's important, Madam Minister. Are they going to be major modifications?

Hon. B. Stephenson: I can't tell you that they're going to be done in the next six weeks because, quite honestly, I suppose our efforts have been directed specifically toward other activities in the last eight months.

Mr. Mackenzie: But, Madam Minister, we're facing within a matter of a very few weeks—

Hon. B. Stephenson: Yes.

Mr. Mackenzie: That's the urgency of it. I think it may be more than just the Inco situation. I think that it is of some importance here that we face this situation.

Mr. Scott: The hours of work of the person who works underground in a mine don't come under the Employment Standards Act. There is the Mining Act; I think section 9. Control over that was transferred to occupational health and safety.

Hon. B. Stephenson: Yes.

Mr. Scott: The Act specifically states that an employee cannot work more than eight hours a day underground, except for emergency reasons. That's controlled by —

Mr. Mackenzie: As a general policy, would you say, Madam Minister, that you're prepared now to take a look at this, or you are looking at it, I trust?

Hon. B. Stephenson: Yes.

Mr. Mackenzie: Is this going to be one of the tools you're going to use to fight this situation that may be developing around the province?

Hon. B. Stephenson: Actually, when we began the review, it was not with that purpose in mind, it was for many other reasons. But this has become an important factor in our examination, yes.

Mr. Mackenzie: I think it is also underlined, and you must be aware of it by the points I made in my opening remarks, that any initiatives up until now to really spread

the work or to increase employment have really been—as I say, whether it'll work or not I don't know. The recent electrical workers' contract, the new UAW additional holiday provisions, the extended vacations, all of these do have an effect on the number of employees these firms have to hire. We know it from sitting down in negotiations.

If we enforced a 40-hour week and if it was a 40-hour week and if we cut out the overtime, other than in exceptional circumstances, I have a suspicion that we would put an awful lot more people to work or keep an awful lot more people working in this province.

I think these decisions just have to be made and we have to break some ground. I think it's got to be in the legislation or in the labour standards Act and not waiting for negotiations of various unions.

[11:00]

Mr. Scott: Mr. Mackenzie, it is a difficult standard to bring in, a reduced work week, and to apply it universally across the province. It's a universal piece of legislation; it applies to every employer. It becomes meaningless if you bring it in, and you have, by regulation and by permit, to take the employer out from under the legislation because he can't live with it. It isn't something you just strike holus-bolus and say a 40-hour work week could be the proper number—

Mr. Mackenzie: You know one of the reasons he lives with it, and you know it as well as I do, is because all of the benefits are built in. It is cheaper for him to keep them working overtime than it is to take on extra people.

Mr. Scott: Yes, I understand that.

Mr. Mackenzie: Of course, we are picking up the slack and picking up the costs through our welfare or UIC payments, you name it.

Mr. Scott: I am not aware, personally, of any study that indicates that a reduced work week has the effect of spreading employment. It's a very serious question. You have to realize the impact—

Mr. Mackenzie: That seems to go against what I just heard the minister say. You say that reducing the work week or cutting out the overtime is not going to spread the work? Is that what you are saying?

Hon. B. Stephenson: It is not in opposition to what I said. What I said was that that was not one of the major factors that made us examine the length of the work week, when we began the examination. We have made a specific attempt to explore all of the experience with reduction of the work week in the area of improving employment oppor-



tunities. This is now a part of the consideration of the committee in terms of examination of the length of the work week.

**Mr. Mackenzie:** Just as an aside on whether this has any effect, I wasn't in the negotiations, but some of my colleagues were in some of the discussions two or three years ago at Stelco about what effect a 32-hour work week would have, and the biggest single argument the company gave us against it was the number of extra employees they would have to hire.

That may be just one case, but it sure as blazes doesn't bear out the fact that a shorter work week wouldn't mean more employment. Either that or Stelco, which I find both efficient and very competent, wasn't telling the truth. I don't know which you are suggesting.

**Mr. Scott:** I am not suggesting anything like that. I am just saying that personally I am not aware of any study that would prove that it has the effect of spreading employment. Perhaps it does, but I am not aware of it.

**Mr. Mackenzie:** I am going to suggest to our boys that the next time in negotiations they go back and tell the negotiating committee at Stelco that the Ministry of Labour says it doesn't have any effect on increasing employment.

**Mr. Scott:** Very closely related to that and the effect that it has on employees, was the reduced limit of paying overtime from 48 to 44, which has the same effect; you know, you reduce the work week. We were made very much aware by a considerable number of employees in this province of the effect that it had on their income. They were quite disturbed about it. I am not talking about highly organized groups, I am talking about persons who haven't got the protection of a collective agreement.

**Mr. Laughren:** There was an amendment for them that went through the Legislature, if my memory serves me correctly—admittedly it is bad.

**Mr. Scott:** I think I know the amendment you are going to mention.

**Mr. Laughren:** Yes. It said the effect of reducing the work week from 48 to 44 would not be allowed to reduce the income of any workers. The government of the day wouldn't accept the amendment.

**Mr. Bounsall:** That's overtime pay. Not overtime hours.

**Mr. Scott:** In a sense it's very closely related in that you are reducing the work week—

**Hon. B. Stephenson:** That isn't what Floyd was saying.

**Mr. Bounsall:** If I could just interrupt,—this comment about affecting low-paid workers, what that reduction from 48 to 40 does is reduce the hours at which they can refuse to take the overtime when offered. It doesn't cut out the overtime, they can still take it if it's offered to them, but it gives them the option of whether to take it or not. That's what's important. They can't refuse, now, to take it, unless it's 48. They can refuse at 40, if it were changed to 40.

**Mr. Haggerty:** In many cases under difficult circumstances today, an employee is threatened if he doesn't work that extra eight hours.

**Mr. Bounsall:** That's right.

**Mr. Haggerty:** That happens on a number of occasions.

**Mr. Bounsall:** It is particularly frustrating for the older employees who don't want to work six days a week, who have got to the point where they want more time off. They have to work it or quit. It allows those employees to say after their five-day week, "We're not going to work the six." It doesn't forbid them from working the sixth if it's offered and they want to take it. It allows them to say no. That's what the effect would be.

**Mr. Mackenzie:** As far as I'm concerned the option we're offering now is that either we transfer the work to extremely low-wage areas—and I'm not really sure how much that's benefitting the workers in some of the countries that are now getting the jobs—or we put our workers out of work. I think that's the context in which we're going to have to look at it. I alluded to the fact that you have internal problems in selling that potential cut in income in that way, but either we look at just how to put people to work in this country or we face the fact that we're not going to have them working at all. We may increase employment for somebody getting 50 cents an hour but we are not going to have our own people working.

**Mr. Chairman:** Are there any further questions, Mr. Mackenzie?

**Mr. Mackenzie:** I'm uncertain as to what I've been told. At first, I felt a little good about the ministry taking a serious look at this, but now I'm not sure.

**Hon. B. Stephenson:** Yes, we are taking a serious look at it. John, I think, is raising some of the concerns which have been expressed within committee about the overall effect and the potential beneficial effect. They have been raised because we have examined

a number of research papers that have looked at this specifically.

**Mr. Mackenzie:** That's all.

**Ms. Bryden:** I wanted to find out when we can expect some action on the minimum wage in Ontario. I think we have the distinction of being the second lowest province in Canada in this respect and yet we are considered to be the richest province. It seems to me that the gap between the rich and the poor is growing in this province and that the minimum wage is contributing to that. I believe there has not been an increase in over two and a half years.

**Hon. B. Stephenson:** The last was March 1976.

**Ms. Bryden:** I stand corrected, Madam Minister. It's one and a half years. But in that period, as we all know, the cost of living has gone up tremendously. Energy costs—which means heating fuel costs for householders—have gone up, yet we expect the people who are at this level to get along with a zero increase. I'm sure that the minister herself has noticed that the cost of living has gone up but that her salary has also gone up to some extent.

**Hon. B. Stephenson:** At the same time your did, yes. At the same rate that yours did, exactly.

**Ms. Bryden:** Right. But these people have had no increase at all since March, 1976.

I understand that last January the minister did make a recommendation to cabinet for an increase. I'd like to know what level was recommended, why it was turned down and whether there are any immediate plans for an increase in the near future.

**Hon. B. Stephenson:** I did not make a recommendation to cabinet last January. It has been discussed on at least three or four occasions in the last eight months. The discussions continue because we continue to develop information which is of assistance to attempting to come to grips with the problem of minimum wage.

I am perturbed, I must tell you, about the increasing number of very logical, thoughtful and well-informed individuals, both in economics and other areas, who are severely questioning the value of the minimum wage as a social tool, because that's really what the minimum wage was introduced for in the first place. But the consideration of the minimum wage in the province of Ontario continues to be of major concern to me and my cabinet colleagues. It will be something which, I'm sure, you'll be hearing more about in the not too distant future.

**Mr. Laughren:** You told us exactly that a year ago.

**Hon. B. Stephenson:** Okay, I'm not going to say "in the fullness of time" anyway.

**Mr. Haggerty:** We thought there was going to be one in January, 1977, as a matter of fact. Do you remember that?

**Hon. B. Stephenson:** You thought there was going to be one in January 1977?

**Mr. Laughren:** You led us to believe that there would be.

**Hon. B. Stephenson:** What I said was that it was being reviewed on a regular basis and that's precisely what we have been doing.

**Mr. Laughren:** You led us a little further than that.

**Hon. B. Stephenson:** Oh, did I lead you down the garden path, Floyd? I apologize.

**Mr. Laughren:** The older I get, the more often it happens to me.

**Ms. Bryden:** With regard to the studies as to whether the minimum wage causes unemployment or improves the economic situation, I think there are as many studies on each side of this question as there are studies. I think you have to look at the angle that the minimum wage would increase purchasing power which could increase jobs elsewhere. On the other hand, it could cause some rationalization in industries which were relying on substandard wages to keep in business. In the long run, when those industries rationalize there are higher productivity jobs created to serve the needs that the industries are serving.

**Hon. B. Stephenson:** Not in all cases.

**Ms. Bryden:** Not in all cases, but society is willing usually to pay for services if they consider them adequate. I don't think society should expect to get services subsidized by workers. The people who patronize hotels and restaurants should expect to see that the people who are serving them are having an adequate income for their own living needs and not be subsidizing the well-off people who are able to patronize hotels and expensive restaurants or maybe subsidizing the owners of those hotels and restaurants. This is an area where minimum wages are used a great deal.

I think we have to look at all angles of it and not be led down the garden path by some of these studies that say it automatically increases unemployment. I think there have been as many studies that say it does the opposite.

**Hon. B. Stephenson:** We are looking at all aspects of it and all angles.

**Ms. Bryden:** There's one particular area in which I would ask whether you have been doing any study and that is on the effect of the discrimination which you introduced into



the minimum wage recently regarding employees who serve in establishments that serve alcoholic beverages.

**Hon. B. Stephenson:** It can only be those employees who are involved in serving the alcoholic beverages who are affected.

**Ms. Bryden:** Yes, but it is discrimination. I think the objective of the minimum wage is to provide equality in earnings among people who are at the minimum level. The premise on which the discrimination is based is that people in those establishments get tips, but you have no knowledge as to what tips each one gets.

**Hon. B. Stephenson:** We have an increasing knowledge of that.

**Ms. Bryden:** Have you made a study of this?

**Hon. B. Stephenson:** Yes, there is a study but I don't think it's completed as yet. As I said when we introduced the tip differential for those specific workers, this was an experiment. It was a project to see whether indeed it was a reasonable thing to do, whether it was a logical thing to do and whether it had any bad implications for the individuals who were affected. Those are the things that our study is exploring.

**Ms. Bryden:** Are you investigating the distribution of tips?

**Hon. B. Stephenson:** Yes.

**Ms. Bryden:** In many establishments the actual tip does not go to the person who picks it up off the table.

**Hon. B. Stephenson:** Yes, I'm aware of that.

**Ms. Bryden:** It is divided, and there are various systems of division.

**Hon. B. Stephenson:** The back-of-the-house spread and that sort of thing.

**Ms. Bryden:** My point is that whatever system is used it varies from establishment to establishment and there is no uniformity in what the employee giving service in one place that is equal to service in another place can expect.

**Hon. B. Stephenson:** That's why we're looking at the various kinds of establishments.

**Ms. Bryden:** Also there are other things to be taken into consideration. For instance, workmen's compensation is based only on the employee's earnings and not on any of the assumed earnings from other sources so that an employee who is in this kind of establishment would get a very low rate of workmen's compensation, if unfortunate enough to be injured. The same is true of unemployment insurance benefits. They consider only their actual earnings, not their tips.

**Hon. B. Stephenson:** We're also looking at it from that point of view.

**Ms. Bryden:** There are all sorts of discriminations of this sort that arise from the attempt at putting a differential in and which puts these employees in a less advantageous position than other employees on the higher minimum wage. One particular area I hope you're looking at is its effect on women. Women tend to be in the jobs where the tips are lower than for men, and so what you are really doing is discriminating against women.

[11:15]

**Hon. B. Stephenson:** We will have that information factually for you as well as a result of our study.

**Ms. Bryden:** It is all very well for you to say that you have the information, but we haven't seen it.

**Hon. B. Stephenson:** I didn't say that I have it. I said I hope we will have it for you, because that's also one of the things the study is looking at.

**Ms. Bryden:** Yes, I still think it is going to be very difficult to achieve any sort of justice when you are dealing with something that is not the responsibility of the employer to the employee in terms of wages but something provided by the public for their conception of service. I really think that the whole question of tips should not be considered.

I think a lot of us would like to see tips abolished, but as long as they are here it seems to me they are a private arrangement between the customer and the employee and should not be considered in setting forth labour legislation. You are bound to end up with a discriminatory system and I don't see how you are going to be able to prevent it being a system which particularly disadvantages women, and this is something that I am sure your ministry should be particularly interested in avoiding. Will there be a reconsideration of this differential?

**Hon. B. Stephenson:** As I said when we introduced the program, it would be examined to see whether it did serve the purpose of increasing employment opportunities in this specific area, whether it was discriminatory, whether it did provide any problems and whether we would have a great deal of complaint about it. On that latter conjecture, we have had some complaints but they certainly haven't been monumental. The information which we are gathering as a result of our study will be of great help to us in deciding whether it is an appropriate thing to do.

As you are aware, this is so limited in comparison to the tip differentials in many



other jurisdictions, including the province of Quebec and almost all of the states with which we have to compete in terms of the tourist industry and the hotel industry, that it's minuscule, but we are examining all of those points which you have raised in the study to see whether indeed it is an appropriate mechanism for Ontario.

**Mr. Haggerty:** When can we expect that report? Or is it going to be under constant review by the ministry?

**Hon. B. Stephenson:** No, this study has been going since the introduction of the tip differential, and I would anticipate we will have some fairly solid information about it by the end of this year.

**Mr. Haggerty:** I don't want to interrupt things.

**Hon. B. Stephenson:** Yes.

**Mr. Haggerty:** I had better not interrupt.

**Mr. Chairman:** Do you have any further questions, Ms. Bryden?

**Ms. Bryden:** Yes, I would like to ask the minister if she has met an organization called the Waitresses Action Committee, which is particularly concerned about the effect of this discrimination on women's wages in the hotel and restaurant industry?

**Hon. B. Stephenson:** On the date on which the committee's representatives found it convenient to come to the office for a meeting, I was not able to be there because I was out of the city. However, my deputy minister has met with them, I have a complete report of that meeting and the suggestions they made are being considered by the ministry.

**Ms. Bryden:** There is one other area of discrimination which the hotel and restaurant industry is concerned about and that is the fact the Industrial Safety Act does not apply there. Has there been any consideration to bringing them under that?

**Hon. B. Stephenson:** As I said yesterday, expansion of the area of responsibility in terms of occupational health and safety with the new Act is one of our primary activities at this point. We are looking at a number of areas which are not at the present time covered by the Act, and will not be by the new one until examinations of the ways in which this can be best introduced are completed, primarily, I suppose, by the special subcommittee of the advisory committee on occupational health and safety in conjunction with representatives of the employees in that sector and the employers. That is one of the areas that is being examined for inclusion in the extension of the Act.

**Ms. Bryden:** I hope that consideration will be given, because they are not adequately covered.

**Hon. B. Stephenson:** Consideration is already being given. It's the establishment of the mechanism which is being examined.

**Ms. Bryden:** I just have one further area of questioning regarding the enforcement of the Employment Standards Act. I feel Mr. Scott and his division do an excellent job in trying to follow up on cases that employees bring to them, but I do hear from time to time some complaints about the time it takes.

I know investigations are not easy to undertake. Could you tell us if the staff for the employment standards enforcement is at the same level as it was a year ago and has the case load increased from a year ago?

**Hon. B. Stephenson:** There was an increase in the case load but the staff is at the same level as last year. There has not been an increase in staff but there has been an increase in case load. The number of complaints received from April 1976 to September 1976 was 5,348, and from April 1977 to September 1977 it was 7,574. The increase in case load is approximately 34 per cent.

**Ms. Bryden:** Can you expect a huge increase of that sort to be covered by the same staff that you had a year ago? It seems to me that means that employees are going to have to wait much longer for money and it's very difficult to wait these days.

**Hon. B. Stephenson:** Has there been an increase in the waiting time over the past year? I haven't heard anything about it.

**Mr. Scott:** I wouldn't think there has been an increase in the waiting time but it's not the best, I will admit that, due to the constraints we have on us. We are looking at ways to improve the situation. Right now, we have invited in a firm to review the operation of the branch to see if there are other methods we can install that will assist us in giving better assistance to the employees. That study was started this week by a consulting firm.

Within our own branch at the officer level and at the regional manager level, we are exploring ways to see if we can speed it up. It is lengthy. Some of them do wait a period of four to eight weeks before their complaints are resolved.

**Ms. Bryden:** Do you think we need more prosecutions so that employers might be following the law more carefully? If they thought they were more in danger of prosecution, you wouldn't have so many cases.

**Mr. Scott:** I haven't got the figures but we do have a fair number of prosecutions that we forward the legal branch in areas of non-compliance with the legislation.

**Hon. B. Stephenson:** Has there been an increase in the number of prosecutions this year? If there has, it obviously hasn't had much effect on the employers yet.

**Mr. Scott:** I haven't got that. I can get that information for you.

**Ms. Bryden:** Yes, I would appreciate that.

**Mr. Chairman:** Mr. Bounsall, you are next. I was told that you wanted to speak under the Human Rights Commission vote. Do you wish to speak under the employment standards program too?

**Mr. Bounsall:** Yes. I'll be fairly brief, Mr. Chairman, because I do wish to get to the human rights vote with some comments there. I am glad to see that the review has been done on the employment standards legislation and that as a result of that we are going to have a bill before us in the near future. Could we expect that bill in the spring?

**Hon. B. Stephenson:** I hope so.

**Mr. Bounsall:** The last time we had the employment standards bill before us it was mainly one of a reorganization into better lines with not too much on the content of those sections. That has been badly needed. I might say that ever since I have been here in the Legislature we have been urging a reduction of the over time hours from 48 to 40.

**Hon. B. Stephenson:** Hours of work.

**Mr. Bounsall:** Overtime hours, not overtime pay, that's right.

**Hon. B. Stephenson:** What you are talking about is hours of work.

**Mr. Bounsall:** We are talking on exactly the same topic.

**Hon. B. Stephenson:** They are not exactly the same.

**Mr. Bounsall:** That reduction allows people to refuse to take overtime after 40 hours rather than after 48. There was the unusual situation for some years where unless a union contract, for example, had the term voluntary overtime in or a reference to the Act, a Labour Relations Board decision that in essence deemed to say that they had agreed to work whatever amount of overtime was requested was working very discriminatorily against workers out in the work place who didn't want to work any more than the 40 or the 48 hours, and we really need some cleanup in this area.

I would hope that there are, in that revised Act to come before us, really substantial changes in the termination pay sectors of the Employment Standards Act, where for less than two years and more than three months service currently we have only the one week.

whereas some other jurisdictions in Canada have one month after one year; and the two to five years at two weeks really should be two months; the five to 10 years really should be four months' notice and 10 years and over should be six months' notice.

I know you've got from a previous study on that indications that when someone has been 10 years or more in the work place they really need substantial time to reorient themselves to the work place if they are about to be terminated. They really need that sort of time block to retrain themselves, reorient themselves and so on. I would anticipate and hope for real changes in that termination section of the Act. I don't expect you to particularly commit yourself.

**Hon. B. Stephenson:** That information there is also the information that most of those who are exploring the possibility of new jobs find them or do accommodate themselves to their new jobs within a shorter period of time than that.

**Mr. Bounsall:** Within eight weeks, which is the current one?

**Hon. B. Stephenson:** Yes, six weeks.

**Mr. Bounsall:** There are a lot of the older employees who have real problems with it.

**Hon. B. Stephenson:** Yes, I was talking about majority figures.

**Mr. Bounsall:** In those that are 10 years and more—and the longer you are at one work place the tougher it is—we really need some extra provisions there.

There again, the mass layoff numbers, I assume you are considering that very closely?

**Mr. Scott:** Those points are all being taken into consideration on the review of the legislation.

**Mr. Bounsall:** We certainly look forward to seeing that legislation. Actually it is one of the more interesting Acts in the province of Ontario, the Employment Standards Act, because it covers so many of the things which directly affect so many people in their working environment. I would hope you bring that forward, not only because of its importance but it is an area which will interest virtually everybody in the Legislature since it affects and touches so many people.

Of course, we confidently expect you to have the equal pay for work of equal value provisions in it. The minister and the ministry is not saying, as a former Minister of Labour said, that it's interesting to consider but it might take five years to work its way through the province after you enact it, and use that as the reason for not bringing it in, which is the weakest possible reason.



**Hon. B. Stephenson:** I hope that you will entertain the idea of attending our January seminar on equal value and equal opportunity, which I think will give us a chance to explore some of the major problems in implementation of equal value.

**Mr. Bounsall:** That was one of the arguments of the Hon. John MacBeth when he was Labour minister, that there were sufficient problems that it might take a long time, perhaps as long as five years, to get everyone working on the changes that would come by that kind of a change in the Act. I know it is not without problems, but if you believe that that should happen then let's start it, even if it might take five years for everyone to have an evaluation scheme around the province. You don't simply set it aside and not do it because it's got some problems with it. You get at it and you solve the problems.

We look forward to that Act when it comes. Because of the other votes we wish to speak on here I'll end my remarks here, although I would have liked to have spent quite some time on it. This is really one of the most interesting areas in your ministry, and it is always nice to dialogue with John Scott.

**Ms. Bryden:** Before we leave this vote, I just wanted to ask how many cases under the equal pay sections have come up and been dealt with this year?

Also, on the question I raised under the Women's Bureau about the legal case decision which said that investigations by the Employment Standards Act were not subject to appeal under the natural justice; is there any amendment to the legislation being contemplated in view of that?

[11:30]

**Hon. B. Stephenson:** Certainly, because of the decision, it is being looked at very carefully. Do you want to make some comment about that, Mr. Hess?

Can I just tell you that under the equal pay Act, 1976-77 fiscal year, the number of employers assessed was 38, the employees involved in those assessments was 451. In this fiscal year, to date, eight employers; the number of employees involved was 12; and the number of complaints received, 23.

**Ms. Bryden:** It still seems to be very minimal, Madam Minister, when you consider the extent of the problem.

**Mr. Hess:** Yes, I think the case to which the hon. member refers is that involving Sage Promotions of Canada Limited. One female who had been an employee laid a complaint

under the equal pay provisions. The case was investigated at great length by one employment standards officer and the reason for rejecting her complaint was explained to her. She appealed, and—as the Act presently provides—another employment standards officer was then assigned to reinvestigate, which he did again in a very thorough fashion; and, again, the complainant was advised that her complaint was groundless.

Then the complainant—through the University of Toronto students' law clinic—applied for judicial review upon the basis that there had not been an opportunity for a formal hearing of the matter. That was heard by the divisional court and a decision was handed down on August 25 of this year in which the divisional court, per Mr. Justice Robins, held that, in effect, the administrative procedures followed by the employment standards branch had been properly followed and that there was no requirement for a full formal hearing. He pointed out that if there were such types of hearings, the administration of the Act, insofar as collection of wages was concerned, would become practically impossible to perform.

The present situation is that a leave to appeal was sought in the Court of Appeal and that leave was granted. The case is presently before the Court of Appeal.

You ask if legislation is being contemplated to reverse the decision of the divisional court. We will have to wait and see what the Court of Appeal does before we have any final judicial decision on the matter. I may say that if the final decision is that the divisional court should be reversed and that in these investigations for wage collections we have to have formal hearings, give notices of them, have witnesses there, allow examinations and cross-examinations, that the whole matter of the collection of wages would just become impossible.

**Ms. Bryden:** I can certainly appreciate that there are problems involved and that we should wait for the appeal before we look at this question more fully, but my impression was that there was some feeling that the straight investigation procedure did not give full opportunity for the person who feels aggrieved—

**Mr. Hess:** May I interrupt and advise you that the review committee to which the minister has referred on quite a few occasions on this particular vote has considered the matter of an employee's right of appeal, such as is presently given to an employer; provided he pays the assessment, he can then appeal. That is also part of the recommenda-



tion of the review committee, which is presently to be considered by the minister and her advisers.

**Ms. Bryden:** We'll be looking forward to your decision on these questions when the time comes, Madam Minister.

Vote 2305 agreed to.

On vote 2306, Ontario Manpower Co-ordinating Committee program:

**Mr. Laughren:** Mr. Chairman, there are a couple of points I want to raise on this. One has to do with the whole question of injured workers in the province and whether or not the ministry has developed any kind of program for injured workers which could be co-ordinated through this group and the Workmen's Compensation Board.

A number of things came through loudly and clearly to us when our task force travelled across the province last spring. One was that workers with even a small disability, in percentage terms, medically had perhaps 100 per cent disability in employment potential, particularly with back injuries—people in the construction trades, mining, forestry—and there was no place for them to turn.

They ended up being simply unemployed and receiving a pension of perhaps 20 per cent, 30 per cent or 40 per cent. Medically that was the extent of the disability, there is no question about it, but in employment potential they were 100 per cent disabled.

One of two things must change: (a) the disability must not be based on medical but rather earning potential, or (b) we must establish a program gainfully to employ injured workers. I suggest to the minister that that is within her purview through this program with the Compensation Board to establish such a program.

I wonder if she could tell us if she has done anything in this regard, because the problem is not a new one, it has been with us a long time, and it becomes particularly acute as capitalism goes through its final spasms—but don't let that divert you from the first part of the question.

**Hon. B. Stephenson:** Don't worry, it won't. The only final spasm that we are going to be seeing is one that will go in the opposite direction, I think.

**Mr. Laughren:** When was the turnaround?

**Hon. B. Stephenson:** The specific problem of individuals with disabilities has been addressed not only within the Workmen's Compensation Board, because the joint consultative committee has been charged with the responsibility of looking at this problem and coming up with some suggestions.

In addition to that, the Ontario Manpower Co-ordinating Committee, in its role as the Ontario agent involved in community employment strategy, has had some real input into the establishment of priorities in those areas in which the CES has been begun as a process. I think this is going to be a very useful process for us, because I think the local experience developed will provide us with some directions and some guidelines about the way in which that problem can be best addressed.

I know that it has been suggested here that the quota system should be introduced. It has been the quota system with various modifications which Mr. Laughren and his associates have promoted as the solution to the problem.

**Mr. Laughren:** Almost reluctantly.

**Hon. B. Stephenson:** I have some real concerns about the quota system.

**Mr. Laughren:** So do we.

**Hon. B. Stephenson:** I am not sure that it will solve the problem, but this is one area where I think we will have some innovative suggestions to make and perhaps some programs to develop as a result of our experience with the examination of the problem by the joint consultative committee, which I think is a very good committee. I must say it has been productive.

**Mr. Laughren:** The one with the Compensation Board?

**Hon. B. Stephenson:** Yes, and particularly I think in the Hamilton-Wentworth area in CES, because that was one of the major priorities that we asked that they look at in that group, and they most certainly are doing that.

**Mr. Laughren:** What is CES?

**Hon. B. Stephenson:** Community employment strategy, which has been the primary responsibility of the Ontario Manpower Co-ordinating Committee actually.

**Mr. Laughren:** Is there any program now in existence for injured workers?

**Hon. B. Stephenson:** Yes, that portion of the vocational rehabilitation program which is involved with affirmative action on the part of officers at the board and which you don't think has been successful.

**Mr. Laughren:** I know it's not been successful.

**Hon. B. Stephenson:** I would have to say it has not been as successful as one would hope it would be. But it is an affirmative action program and it's growing; it's not becoming smaller.

**Mr. Laughren:** We won't debate the Workmen's Compensation Board today; the chair-

man would rule with an iron fist if I ever tried. But the employment counselling and rehabilitation part of the board doesn't come up to half the standard of the medical end of the Workmen's Compensation Board's activities.

**Hon. B. Stephenson:** But we are making a real attempt to improve that.

**Mr. Laughren:** I hope so, because I'm serious. But, carrying on from there, there are two things that bother me about that as well. One is the danger of shifting responsibility from the private to the public sector as your ministry gets more and more involved in it, as you bring in other ministries, as the federal government gets involved and the local municipality—I can see it should—because that really is the responsibility of the private sector.

**Hon. B. Stephenson:** The CES program emphasizes the responsibility of the private sector in this area, and that's why I think it's going to be particularly useful. The other thing, of course, is our own pilot project about the employment of the disabled, which I suppose is looking primarily at those who are congenitally disabled or disabled as a result of illnesses which do not arise from employment. But I think the spinoff from this is going to be important too for the employment of those workers who become disabled as a result of work experience.

**Mr. Laughren:** The board itself could use a kick in the head sometimes because it's not that aggressive with the employment of the disabled. We ran into that—I guess all of us have.

The other thing I wanted to talk about was the whole question of some kind of program for employment potential in northeastern Ontario, particularly the Sudbury area, because of what's happening. It looks as though, despite the optimism of some people, the three levels of government are not going to intervene in a meaningful way in that whole dispute, which bothers us a great deal, but nevertheless it will be debated elsewhere. Therefore, the least that your ministry could do would be to get on top of that situation in terms of employment possibilities.

The regional municipality of Sudbury yesterday drew up a set—they numbered them 15, but when I started writing them down it looked to me like you could combine them into only about seven or eight specific proposals; perhaps 10—which I presented to the Treasurer (Mr. McKeough) during consideration of his estimates yesterday afternoon. There are some of them that could involve your ministry if you were serious about pro-

viding job opportunities there. For instance, your ministry could look at the potential for the area and do an assessment of the skills that would be required if we did diversify the area more. That's the kind of thing that your ministry should be involved in. It's not going to happen.

The last thing we need is two or three economists coming up there to look around the area and do another study that tells us there's a lot of miners and loggers in the area and they don't have the skills to be employed in the new taxation data centre, which the federal government is going to locate in Sudbury in the next couple of years. We have to face the realism of the existing skills in the community and in northeastern Ontario, not just of the labour force that was previously employed there but also of the new people coming into the labour force who are better educated.

**Hon. B. Stephenson:** And the potential for developing new industry or new employment opportunities.

**Mr. Laughren:** Yes. And it should involve more than your ministry—probably the Ministry of Industry and Tourism, the Ministry of Treasury, Economics and Intergovernmental Affairs and perhaps others. I'm wondering, you said in the Legislature that you were prepared to direct—I have to be careful to quote you correctly here—

**Hon. B. Stephenson:** That would be unusual; go right ahead.

**Mr. Laughren:** You're so unkind. You said you were prepared to have your manpower co-ordinating committee establish a program for northeastern Ontario in the way you have for northwestern Ontario.

[11:45]

**Hon. B. Stephenson:** Yes. We have said that. We have made some approaches to the federal people involved in this as well because it would be on the basis of a community employment strategy as well with some modifications. There is flexibility within that program to move beyond what has been the traditional kind of pattern established for CES.

**Mr. Laughren:** What could you do?

**Hon. B. Stephenson:** In addition to that, we have a program which is admittedly in the embryonic state. It is more than an embryo; it actually has been hatched. It does have some capability now but we are certainly hoping to improve that capability in terms of labour market information which will be used in conjunction with the Ministry of Industry and Tourism, the Treasury and all of those ministries you suggested might be involved



in terms of correlating potential job opportunities with the available skills which will become available as a result of educational programs.

**Mr. Laughren:** What I am worried about is that each area has its own expertise and focus and perhaps does legitimate studies that lead nowhere.

**Hon. B. Stephenson:** This increased capability and labour market information is for the purpose of serving all of the areas based upon their specific needs and their specific problems. It also serves all the ministries which might have a catalytic effect in improving the employment opportunities in those areas as well.

**Mr. Laughren:** There is probably a time factor here that is working against you too, if you are going to intervene in any kind of meaningful way there. That goes back to the unemployment standards Act.

**Hon. B. Stephenson:** If you are talking about the present crisis, I suppose one would have to say that there has already been an intervention and we intend to carry forward that intervention. I don't know what you call it. The role is rather less of a negotiation role than it is a mediation role in attempting to help to solve these problems.

**Mr. Laughren:** I have been following that issue of the layoffs reasonably closely and I have not seen this intervention. I do not know what you are talking about. I don't understand.

**Hon. B. Stephenson:** I suppose you could talk to some of your friends and colleagues in the union in that area because I think they're aware of what it is we are trying to support.

**Mr. Laughren:** I believe you have had talks with them. Have you supported any of their demands?

**Hon. B. Stephenson:** I prefer to call them suggestions, because I think they are very valid suggestions.

**Mr. Laughren:** They should be demands.

**Hon. B. Stephenson:** On the whole, I think they are basically supportable.

**Mr. Laughren:** Including the—No.

**Hon. B. Stephenson:** No, that was not their demand.

**Mr. Laughren:** No, you are right.

**Hon. B. Stephenson:** That was your demand.

**Mr. Laughren:** Yes. They are coming around.

**Hon. B. Stephenson:** As a matter of fact, I have not heard anything from them about the demand you made.

**Mr. Laughren:** You should have been at the meeting.

**Hon. B. Stephenson:** At the public meeting.

**Mr. Laughren:** Yes.

**Hon. B. Stephenson:** They may have said that at the public meeting but I have had talks directly with them and they have not said that.

**Mr. Laughren:** They know what is practical, given your—

**Hon. B. Stephenson:** My bias?

**Mr. Laughren:** Yes. You are supporting them on their programs?

**Hon. B. Stephenson:** We have added a few to it as well, as a matter of fact.

**Mr. Laughren:** Could you unburden your soul to us?

**Hon. B. Stephenson:** I am not sure that I can at this point but, hopefully, I will be able to next week or the week following that. I don't want in any way to jeopardize the kind of impact we might have with the other groups we have to deal with by publicizing too dramatically the kinds of things we are suggesting should be supported strongly.

**Mr. Laughren:** And you did get the message clearly that they are not interested in sharing the poverty.

**Hon. B. Stephenson:** Yes. I got that message clearly. I also tried to transmit to them as clearly as possible the message that there was merit at looking at a modification of what they traditionally consider a work-sharing program, which I don't think has been rejected out of hand.

**Mr. Laughren:** A different version of it.

**Hon. B. Stephenson:** Yes. The result is different from the result which I think they have seen as the potential result of the traditional kind of program.

Vote 2306 agreed to.

On vote 2307, Human Rights Commission program:

**Mr. Bounsall:** I must say, right at the start, my major question to the minister would be—now that we have the report of the Human Rights Commission study which went around Ontario and talked to communities in a very wide-ranging, fact-finding tour, when will we expect the Human Rights Code legislation in the report? They even give a draft copy of the bill they would like to see it based on. To be historical—and it's before your time—in the fall estimates of 1974, in at least two of the recommended areas—the physical disability, criminal record and, perhaps, sexual orientation—the then minister was promising



legislation by the spring of 1975. In the intervening time, the commission announced that it was going to go on its fact-finding study and, of course, everything was delayed until that report was received. That was a bit disturbing to me because I could see some changes about to take place by the spring of 1975. These then got delayed by the commission going out on its study. I was perturbed because of the delay.

Now we've arrived at this point where we have their report. It's a very good report, in my opinion, and it touches on all of the major areas that need changing. When can we receive that legislation? It could really be this fall. I see no reason why the legislation can't be brought into the House. Can you assure us, now that we have it—and by this spring, 1978, it will be three years since the promised date of 1975—that we will have a revised code presented to us in the Legislature?

**Hon. B. Stephenson:** I think I can say quite unequivocally that it won't be this fall—not in this session.

**Mr. Bounsall:** Can you give us any reason for a delay beyond the spring in dealing with these very important changes in the code?

**Hon. B. Stephenson:** No. I also can't promise you that it's going to be ready for introduction at the beginning of the spring session, either; but I would hope that it wouldn't be too long after that.

**Mr. Bounsall:** Are you committed?

**Hon. B. Stephenson:** To modifying the code?

**Mr. Bounsall:** And to doing it rather quickly?

**Hon. B. Stephenson:** That was the purpose of the review.

**Mr. Bounsall:** It surprised the then Minister of Labour that the Human Rights Commission had, in fact, embarked upon the review, that the commission had made the decision. That decision was taken and announced, apparently, without any consultation.

**Hon. B. Stephenson:** We haven't had that kind of lack of consultation.

**Mr. Bounsall:** Right: The minister was caught in the situation of having made a commitment which he felt, in a sense, rather upset about too, and now we had to wait for the review. But that was the feeling back then—three years ago. There were some very obvious areas that needed changing. We now have a very comprehensive—and well-written, I might say—report from the commission, including a draft bill. Let's really get on with it. It's rather urgent.

The second point is that I was very interested to find from the commission in its report this very strong feeling that it cease to be a branch of the Ministry of Labour, and that it be given responsibility for its own administrative arrangements; they propose that there be an independent commission, and so on.

I would be really concerned—as most legislators would, particularly on the opposition side—if we saw yet another independent commission with which we can't effectively grapple. But they do propose that they submit a report yearly; in fact, they go beyond that and say that there should be a standing committee of the Legislature to review what it is they're doing.

Maybe they don't quite appreciate that we may not have time at our disposal in the Legislature to have a separate standing committee. I wouldn't object to there being a more separate commission if they had in the legislation the same type of phrase which occurs for the Workmen's Compensation Board, that they table the annual report—

**Hon. B. Stephenson:** You can't have a board or commission of any kind that doesn't do that now.

**Mr. Bounsall:** Yes, but looking at their draft bill, it would occur in section 4(h), regarding tabling the report in the Legislature, we could have that same phrase that occurs for the Workmen's Compensation Board, "and appear before a standing committee of the Legislature." That would give us anywhere from two to five days, whatever we decide to do, to talk each year with the commission and have the members tell us what it is they're doing, and so on.

By last night it was clear that whatever we were going to say about the commission was coming on this morning. Why haven't we, with each estimate—particularly this year in the light of this report—had at least the chairman of the commission, Dr. Symons, with us this morning, and as many of the commissioners as would be able to make it? That's the type of group we should see before us. It would be that group, of course—certainly the chairman and hopefully many others—that would come before the standing committee that they propose or that standing committee in future years. We really should have these people with us at these estimates.

When you read the release that accompanied their report, the first question that came to your mind was what do they mean by autonomy and freedom from government interference that they experience in the commission, that's both real and perceived to be real? You could really go into it with the

minister on just what is that real government interference that prevents them from getting on with the job, but when you read the report they do make rather a compelling case in at least what's perceived to be real—perhaps not what's real, but what's perceived to be real.

Dr. Wilson Head and the black presence in the Canadian mosaic report indicates that there are real problems with the black community feeling the commission, being so clearly an arm of government, is not a group to which they relate very clearly. The same thing came from the Ontario Advisory Council on Multiculturalism and, again, the Canadian Civil Liberties Association.

It's not so much what may well be any real interference on the part of the ministry or the government, but how the people who should be using the services of the commission feel about approaching it when it is simply, as they perceive it, an arm of government. The Civil Liberties Association certainly brings up the key points of how validly do and can the staff members operate in the commission when they're investigating discrimination and complaints about people in the Ontario government and, indeed, within the Ministry of Labour.

In a sense, from reading the report carefully, you can see that perhaps they do have a point, to be more independent. However, they've got to report regularly to at least a standing committee once a year, so that we do have a way they can report to us, which they obviously want to, and a way in which the members can, in fact, talk directly to the commissioners and review it. In that same regard, again, they go on to talk about their accessibility to the public and give their examples. I believe they're very right in that there should be store-front locations for the Human Rights Commission, that people would then feel much more free to drop in.

I read their comments on the Thunder Bay location. It's near the airport but not near the centre of the city. In the Ottawa situation, if you can afford a taxi, then you can get there, or if you have the luck to own a car. In fact, where it's located in Toronto, in the ministry office up on the 12th floor of a large building, it's enough to put some people off in terms of feeling at ease, at least. I think that's quite valid.

[12:00]

I think if it stays within the Ministry of Labour, that's something you've simply got to remedy if you haven't already. You don't perhaps need a separate commission for that but they comment about them being located

within Ministry of Labour offices wherever they're located. Certainly these examples which they give about non-accessibility are valid. They're obviously committed, if they're independent, to setting up these store-front offices. Should that be the decision of government not to do that, then I would hope the ministry would see that their locations, where they're in communities, are store-front offices which, without any question in my mind, I agree with the commission entirely is the best way of getting at it.

As I said, I wouldn't mind an independent commission, provided we have included the phrase that causes them to come before some standing committee yearly, both because they want to and because we want to as well, as members of the Legislature. I think it's perhaps a little touch of self-importance on their part when they feel they should be reporting to the Prime Minister of Ontario rather than the Ministry of Labour. I would be quite happy to see the Minister of Labour still responsible for the Human Rights Commission as far as reporting through the Legislature goes. I think the Prime Minister of Ontario is not the appropriate person in that regard.

Perhaps there was an undue touch of self-importance on the part of the commissioners in preparing the report or perhaps a lack of knowledge on just how things are best operated in question period at least in the Legislature. I would be happy to see it still report through the Minister of Labour to the House. But if it's required that they be independent to get their store-front offices and provided they have a regular way of reporting to us, I don't see any reason for their not. In fact, I've always felt over the years that they've really been the poor relations within the Ministry of Labour, that we really don't fund them enough.

I don't think—and Mr. Brown can certainly comment on this — that you've ever had enough community relations officers in the Human Rights Commission to do the educational jobs on employers and police forces which are recommended in the report to head off the problems before you meet them. There is a lack of funding. They say they need triple the amount of funds—I believe them—to do the proper job in the province of Ontario. Because they've been wholly and solely within the Ministry of Labour may have resulted in the fact that they haven't had what I feel very strongly to be sufficient funding to do the educational component of their job for sure.

I don't know how swamped they are on the other side of things in responding to complaints. I suspect they are and need more



staff for that area. It's a miracle I think when they can find time with the current staff they have to go out and do the educational jobs they should be doing with the police and industry and whatever other group requires. They also make a case that they need funds for major research effort which they've turned up and they say it's urgent. Whatever way we get the funding, if it requires an independent commission, that's what we should be doing.

In the bill itself that they propose, they do cover the areas which have been over the years of major concern to the members here — the physical disability, criminal records, sexual orientation areas which we've talked about many times before. The marital and family relationships have not been brought up in private members' bills or mentioned so much in the past, but their argument for that is very clear. I always tended to think the marital status could have been covered under the sex but, obviously, it hasn't. That's an addition. We have brought up the family relationship section which, in essence, means adult-only housing and so on. I'm glad to see that that's mentioned.

One of my private members' bills in this area dealt with physical disability, criminal records and political beliefs. Although it's mentioned in the report and in the summary that protection from the code be extended to include freedom from discrimination because of political beliefs, that really needs to be spelled out by a section in their proposed bill: section (m), political beliefs.

**Hon. B. Stephenson:** They define it under creed.

**Mr. Bounsall:** As long as that's made very clear. I don't think it really hinders the employment too much, but it's an affront to us here in Ontario to have the employment application forms coming from the American company that's operating here in Ontario and asking if you have ever voted communist or what have you. This is something of an affront to our political system. So we simply need that in there so those can get off the forms. I don't think anyone hiring in Ontario puts much stock one way or the other in that answer, but it's certainly an affront to us all to have that question on the form. I understand that although, when they came across that in their field operations, the commission suggested that it be removed, they certainly until now haven't had the power for its removal, and that's an important consideration.

I must say to the commissioners, you have got a good report. You have covered virtually every topic. The code changes in the areas

which they mentioned are long overdue, and I urge the minister and the government to let's get on with the bill involving the changes which they recommend.

I'm easy on whether it remains within the ministry, or becomes a separate commission, provided the commission does report to us regularly. Certainly if it's the government's decision that it remains within the ministry, I would recommend very strongly that when it comes up before the estimates of the Minister of Labour that the chairman of the commission be here and as many commissioners as can make it.

It probably is better to have them as an independent commission and report to us simply from that alone. But if there really is the multiculturalism problem and the report of the studies of the problems the blacks have, and the Ontario civil liberties, and real problems in how the commission's perceived as part of the ministry—and I can only believe what they found—then it would be a distinct advantage to have them perceived in the more independent way and for the government and you, Madam Minister, not to be concerned about it in setting them up that way. How do you feel about it?

**Hon. B. Stephenson:** I would say that although the multiculturalism group did perceive that—that the perception of lack of autonomy might have some impact on the utilization of the commission by members of the general public, and the civil libertarians certainly said that—I don't think that's what Wilson Head said. I think he said it was a very minor factor in the use of the commission—if I can use the word "use"—by the black community. I think he thought there were other factors that were much more important than the perceived integration of the commission within the Ministry of Labour.

I must say it has been my personal philosophy that the commission is an independent body, and it has functioned at least for the last two years as an independent body. My only role is to sign the papers that are necessary to be signed when the commission makes recommendations about certain aspects of its function. To my knowledge, the function of the commissioners themselves or the officials of the commission has not been impeded by the actions of the minister or the staff of the Ministry of Labour.

However, since I have been in this post, we have been under the constraint program which has had the same kind of impact on the Ontario Human Rights Commission that it has had on all the other branches of the ministry. I think it has been equally distributed. I don't think any one group has been



discriminated against in terms of funding or staffing. We have increased the staff of the Human Rights Commission since that time. That was perhaps not the level to which we would like to see it increased but certainly in terms of the availability of funding to make that increase—

**Mr. Bounsall:** I have always felt that we have never funded them enough to do the job, but that if one vetted the program carefully—maybe as an independent commission we couldn't as much—but if one added more staff now and got the educational job done across Ontario, the need for the staff complement now to do the educational job would taper off with time, as the attitudes got solidly in place in our Ontario community.

The staff to do that educational job need not be a permanent complement, and if they were doing their job in that they would be doing themselves out of a job. But we need to get them enough staff at some point to be able to do that educational job out there. I know that would have to be carefully vetted because the tendency, once you expand it to a given point, is to continue it on.

**Hon. B. Stephenson:** I can see an analogy to the practice of preventive health measures. It is just about the same thing. You increase your preventive mechanisms in the hope that eventually it will cut down the requirement for intervention.

I suppose in a primitive society that might be exactly right. In the more sophisticated society it has never been borne out, to my knowledge. I am not in any way attempting to deny the need for increased preventive services. I would like you to know that I think the preventive services which the staff of the commission carries out now are absolutely fantastic—not only in terms of their scope and the numbers of activities they are involved in but also in the effect which they have had.

**Mr. Bounsall:** I get the impression it is more than a full time job for each of the field workers out there.

**Hon. B. Stephenson:** Mr. Bounsall, any role within the Ministry of Labour, I would like you to know, is more than a full-time job—any role at all.

**Mr. Bounsall:** But they see a lot more brush fires that they would love to get into, and they simply don't have the time. They do the educational job on the tough cases that come to them. They would like to be out there doing more, and they simply don't have the staff, and the staff doesn't have the time to do that. This is my feeling. Mr. Brown could perhaps bear me out.

The other point was that you said that Dr. Head in his report indicated it was a minor thing, but he did conclude by saying that only approximately one of every 10 individuals who suffer from some degree of discrimination actually complains to the official agency—the Human Rights Commission, largely because of these reservations and uncertainties about the autonomy of the commission.

**Hon. B. Stephenson:** I think if you read Dr. Head's report you will find that what he said was that the apparent lack of autonomy was one of the very minor factors. There were other factors involved.

**Mr. Bounsall:** He says one out of every 10.

**Hon. B. Stephenson:** I think that is out of context.

**Ms. Lane:** I would like to respond to that. You will notice that the last part of that sentence is not in quotes? On that page where that quote was taken from, there were several factors listed, but autonomy was not one of them. He talked about things such as "it wasn't important enough" or "it took too much time" or "agencies generally were inefficient" or to just lack of confidence in agencies. But in that particular sentence I think the implication is incorrect.

**Mr. Bounsall:** Were there any other sections of the report that you would like to point out to us in those terms?

**Ms. Lane:** There was an earlier section of the report where he talked about the lack of faith in government agencies generally as a factor that the black community is aware of. It doesn't say anything about the Ministry of Labour in particular.

**Mr. Brown:** I think the question of autonomy over the years has come up in several areas in the community. I do not believe that the review committee had in mind that the commission should become a private agency. I think what they are trying to establish is the fact that some members of the community would respond more favourably and probably more effectively to an organization which was seen not to be embedded in the bosom of a ministry. This is what they were trying to come to grips with. The language may be a little bit awkward in terms of getting their points across. But I do not think they ever perceived that the commission itself should not be responsible to the government of Ontario. But I think they might have overstated the case for autonomy—hence the language.

[12:15]

Some of the briefs that were presented stated that minority communities would feel more comfortable if the commission were seen not to be part of "the establishment"; hence they would be more inclined to bring complaints to the commission. But this is merely one factor.

People bring complaints to the commission for various reasons; and on the other hand they do not come for various reasons. Their self-respect is part and parcel of the total process. For example, in the black community that Dr. Wilson Head will talk about, you'll find that blacks who are in the professional groups would seek consultation with us privately, but would not file a complaint if they thought it would eventuate into a board of inquiry, because of their sense of loss of image in the community.

The question of autonomy is just one of the many factors that may aid or not aid people's willingness to come to the commission. I thought I would clarify that.

**Mr. Bounsall:** If it does result in some not coming, however unjustly that feeling may arise in them and however unreasonably that feeling may arise in them, perhaps I think we should seriously consider appearing to give them that autonomy and go along with the recommendations.

**Hon. B. Stephenson:** A good point.

**Mr. Haggerty:** I just wanted to make a few comments here concerning this particular estimate and the Ontario Human Rights Commission. We have received a copy of that review report and our caucus is presently looking at it. I've had the pleasure of meeting Mr. Brown within the past year, and discussing some of the problems that exist in the matters of human rights in Ontario. I know last week they were trying to get a meeting arranged to meet some of the Liberal caucus members. Again I've been asked this week if I could make it on Friday.

We are interested in this particular report. I don't have anything further to ask on that. I do have one question, however, I want to direct to the minister and perhaps to Mr. Brown. It concerns the present situation that exists with the Amish farmers in the Kitchener-Waterloo area who are running into difficulties with the Ontario Milk Marketing Board as it relates to their welfare, you might say, in Ontario; and perhaps they'll be losing their sources of income from the actions taken by a decision of the Ontario Milk Marketing Board.

It is a matter where the board has apparently arrived at a decision that the farmers cannot ship milk in a can. That's the old type

of a can used to ship the milk in. The board wants it in bulk tanks. I was wondering if there isn't an infringement upon their rights in Ontario as farmers and as citizens. I think when we look at milk marketing boards or any marketing board, they are there for one purpose, that is to protect the large producer.

**Hon. B. Stephenson:** It's my understanding, Mr. Haggerty, that the basic reason for the development of the program of bulk milk shipping was to maintain the health standard which has been set for the sale of milk produced by Ontario dairy farmers. The public health aspect of this problem is one which has been addressed in many jurisdictions, not just in Ontario. It has been decided by those people who are expert in the field that bulk shipping of refrigerated or cooled milk is much more likely to maintain the low levels of bacteria per cc required in order to ensure the milk is safe for human consumption.

**Mr. Haggerty:** But under the present arrangement they do meet those standards, as I understand it.

**Hon. B. Stephenson:** I have been informed that many of them do; and that many of those who do among the Amish have—I'm never sure whether I should pronounce it "Ahmish" or "Amish," I have to tell you—

**Mr. Haggerty:** "Ahmish" or "Amish," this is right.

**Hon. B. Stephenson:** —but among the group there are many who have already complied with the Milk Marketing Board's request. It is my understanding that it is on the basis of their religious belief, the fact that they do not wish to be involved with electricity.

**Mr. Haggerty:** Electricity? They believe in conservation?

**Hon. B. Stephenson:** Yes, I believe they believe in a number of things, including conservation. I would think that if we can find the alternative—

**Mr. Haggerty:** I think they have given them an alternative, and that is that they can get out of bulk milk and get into shipping cream in milk cans again.

**Hon. B. Stephenson:** I thought the alternative was that some other agency could establish a local bulk tank pick-up point to which they could deliver. It's my understanding that they have rejected that. I think there may be some other alternatives. To my certain knowledge it is not the wish of the government of Ontario—I'm not sure about the Milk Marketing Board; I don't know the people there—but it's not the wish of the government of Ontario to intervene or to intrude in any way upon the religious beliefs of any group.

What we're trying to do is to find a solu-



tion which will protect the public health, which has to be one of our major concerns, while allowing that group to maintain its religious beliefs in the way that it thinks is appropriate for it.

**Mr. Haggerty:** Under the present testing methods, as I understand it—I could be wrong, but I understand that they've met that criteria set up for the health—

**Hon. B. Stephenson:** No, no.

**Mr. Haggerty:** —and that even under bulk tank installations they've had milk that has been rejected for that basis, that they haven't met the standards.

**Hon. B. Stephenson:** Oh yes.

**Mr. Haggerty:** The bacteria count is too high.

**Hon. B. Stephenson:** That can happen.

**Mr. Haggerty:** So it happens there, and it also happens under the present regulations applying to milk cans. I think it's another way that we're putting pressure on the small individual again, to the extent that you're putting him out of business. I don't know, I just thought maybe this was the place—

**Hon. B. Stephenson:** Did you want to say something about that, George?

**Mr. Brown:** Mr. Chairman, the commission has discussed this problem at two meetings; Mark Nakamura, who is manager of the community relations unit, will give a sort of chronological summary of our contacts with them.

The Mennonite central committee has retained two lawyers on their behalf, and the invoking of the code is third on their list for coming to grips with this problem. I understand that they're going to the cabinet, to the Lieutenant Governor in Council, as one approach; and if that doesn't work they will be seeing the Ombudsman with respect to the regulations which they think affect them.

They'll be using the services of the Ombudsman by virtue of the uncertainty of jurisdiction. Under the code it is not clear as to whether or not there is jurisdiction, because they are not employers in terms of their relationship with the Milk Marketing Board; hence they would not seem to come under section 4. The only apparent applicable section, so far as we can see, is section 2, the services and facilities. We are now seeking legal counsel's advice on this, but we have to wait.

My latest conversation was yesterday and my instruction from their legal counsel is that, "If we need you, we'll contact you." Mark probably can give you a sort of quick summary of our discussions with them, if you think that is appropriate.

**Mr. Haggerty:** We've got about five minutes to go anyway, and then we can adjourn I guess. All right, Ted?

**Mr. Bounsall:** Pardon?

**Mr. Haggerty:** That's okay with you then? Do you want to hear this out? Do you want to hear the remainder of this? We've got five minutes to go, unless anybody else has a question.

**Mr. Bounsall:** Go ahead. We should spend one minute on the Labour Relations Board.

**Mr. Nakamura:** I will try to make my remarks as brief as possible. The commission became aware of the situation through newspaper articles that appeared in the London Free Press towards the end of July 1977, and we initiated contact with the Mennonite Central Committee. At the time we made our initial contact, concerns were expressed by that committee on behalf of the Amish community. One of the difficulties with respect to the Amish community is the fact they do not feel that they can enter into the temporal components of world relations which include government agencies and things of this nature.

So the Mennonite Central Committee has been acting on their behalf with respect to any dealings we have had with them. Pursuant to that, we did bring to the attention of the Ontario Milk Marketing Board our awareness of the situation and suggested that they make every effort to try to accommodate both sides—themselves and the Amish community—in any possible compromise solution that could be arrived at.

Subsequently, however, events did transpire fairly quickly and the Minister of Agriculture and Food (Mr. W. Newman) became involved directly with the Amish community in an effort to seek out a compromise solution. Unfortunately, as a result of that meeting—

**Mr. Bounsall:** Everything fell apart.

**Mr. Nakamura:** —the compromise solution that was proposed by the minister has not, to our understanding, met with the total acceptance of the Amish community. That led to a further meeting which involved the commission in September, 1977. It was at that time that the Mennonite Central Committee had retained legal counsel. It was at that meeting that the various routes which Mr. Brown has already spoken about were decided upon.

**Mr. Haggerty:** So you are involved in the sense that perhaps it may eventually be thrown in your lap.

**Mr. Brown:** That's right.

**Hon. B. Stephenson:** One of the interesting features is that, as I said, this is one por-



tion of the Amish community and not the entire Amish community.

**Mr. Haggerty:** There are liberals everywhere.

**Mr. Brown:** There are two sites.

**Mr. Chairman:** Any further discussion under vote 2307, Human Rights Commission Program?

Vote 2307 agreed to.

On vote 2308, Labour Relations Board Program:

**Mr. Chairman:** We have approximately 12 minutes. Mr. Bounsall.

**Mr. Haggerty:** Wait a minute. I thought you made an agreement here that you weren't going to discuss this, and I agreed with you, Mr. Bounsall.

**Mr. Laughren:** You can discuss whatever you like.

**Mr. Bounsall:** No. You said—

**Mr. Haggerty:** You said that due to the length of time involved we would like to get onto the Human Rights Commission; and then Mr. Laughren should have a few minutes with Manpower, and I agreed to that. But you said you wouldn't be discussing—

**Mr. Bounsall:** If necessary, yes. But not the Manpower until I heard that Floyd had some stuff.

**Mr. Haggerty:** That's not what you said.

**Mr. Bounsall:** Nor the Labour Relations Board. We said we wouldn't discuss it because we didn't have the time.

**Hon. B. Stephenson:** I would remind you that you are taking up time.

**Mr. Haggerty:** Time has run out. I thought we were allowed until 12:30.

**Hon. B. Stephenson:** I think we were late starting, that's the problem.

**Mr. Chairman:** We started at ten after ten. We had two and a half hours left.

**Mr. Bounsall:** With the amount of time we have left, there really is no time for them anyway. I have only two or three questions, and the minister probably doesn't have the figures anyway.

**An hon. member:** She may surprise you.

**Mr. Bounsall:** She may surprise me. Just briefly, I think the Labour Relations Board should fight for a lower vote number in the labour estimates so that we can have the pleasure of spending more time with its estimate; and not have it in the discriminatory position of always being last at which point we are out of time.

Just three questions: Again, I am concerned about the length of time taken by matters

brought before the board. Changes were made to decrease that time. How are things coming along in terms of the length of time it takes to hear the cases and get decisions. Has there been any meaningful improvement?

[12:30]

On the Waisberg material which found its way into the Labour Relations Act, we did not, as of a year ago, really have enough time to see how it operated. What requests have there been in the last year for provision of financial statements by workers in the work place?

Finally, have there been any automatic certifications granted by the board under section 7(a) in the last year as a result of the employer's behaviour?

**Hon. B. Stephenson:** Can I just clarify your second question? I think you're talking about the union financial statements.

**Mr. Bounsall:** The union financial statements, yes.

**Hon. B. Stephenson:** Okay.

**Mr. Carter:** Dealing with the first question, I think we have improved our record as far as dealing with cases is concerned. I think we're taking a shorter length of time than we have in the past. The board's director, Stewart Saxe, perhaps could provide some figures on that; it's really his responsibility.

**Mr. Saxe:** We have specific figures, Mr. Bounsall, indeed, I have them with me. But it would probably take me the rest of the time simply to find them in my file.

The time for all applications before the board has been reduced markedly. It's not just this year; it's really this year and last year over the previous years. At this time last year we didn't even have last year's statistics; we couldn't answer your questions then. We now see that in the last two or two and one half years, there has been a marked improvement in the length of time, both as to the first day of hearing and as to the date of the decision issued. That's for all kinds of applications; it goes right across the board.

About the only problem area we're still experiencing is where a case has to go over to a continuation. In other words, we give it one or two days. One solution is that we're giving more cases two days to start with, where we think it's going to take some time to complete the case. But where our judgement as to how long it's going to take either can't be made, which is the usual situation because we don't know enough about the case until it starts, or we've guessed wrongly that it's going to take two days and it takes a third day or a fourth day, the time to schedule those continuing days is still a problem area.

It's actually out of the hands of the board, because the difficulty is that the counsel for both parties, who are of course the official legal representatives for both parties and will be able to speak for them, and in some cases the parties themselves, agree to dates further away than the dates the board would give them; so there's nothing we can do about it.

Let's say there's a hearing which does not conclude today and it means a new date, we could give them a date in the area of November 11, 12 or 13, but I know that the likelihood would be that the parties themselves would meet with us, and we'd say our first available dates are around November 11, 12 or 13 and they would wind up agreeing to dates at the end of November. The reason for that is their own schedules and the fact that they will accommodate one another's own problems.

I think all the improvement that can be made has been made. In terms of the scheduling of the first day of hearing, which we are in total charge of, we have now got that to a point where we're considering the mail problems that we're having today in getting mail notices out. Our hearing days are now being held as quickly as possible consistent with the requirement that people have notice of those hearings. Indeed, this year we are using telegrams quite extensively to inform parties of changes in the status of their hearing and more recent filings. It's reflected in the fact that our communications budget for the entire year is already spent.

**Mr. Carter:** I think it's fair to say we are aware of the need to get these cases heard as quickly as possible. It's really a first priority as far as the labour board is concerned.

If I could move on to your second question, I can't give you the exact number of requests for financial statements. My impression is that we've had very few requests during the past year. Stewart, do you want to add anything to that?

**Mr. Saxe:** I think we've had two.

**Hon. B. Stephenson:** But they are being filed as provided for in the Act.

**Mr. Bounsall:** Right. I had no doubt that they wouldn't be filed.

**Mr. Saxe:** As you know, Mr. Bounsall, the first requirement is that they be provided directly as well as being filed.

**Mr. Bounsall:** Yes.

**Mr. Saxe:** However, I think what's happening is that the unions are providing copies of statements to whoever wants them; so there's no need to come to us. We haven't had any cases about inadequate financial statements this year. We did have one last year.

**Mr. Bounsall:** I was concerned when the bill came in that there might develop a practice of financial statements which were adequate for most people reading them, but which really in fact needed a different form, and that perhaps you should provide a form indicating to unions what, in your terms, comprises an adequate financial statement. Have you any evidence that there have been differences in preparing financial statements, as a result of which there is a possibility in your asking them to provide more adequate statements should a complaint arise?

**Mr. Carter:** Certainly, so far as I can see, we don't have a problem on that. It just does not appear to be a big problem. We don't see everything; as I say we've had very few applications and very few cases on that particular issue.

Now if I could move on to your third question, you were asking how many certifications had been made under section 7(a). Again, I can't give you an exact number. I am aware of four recent cases where the board has certified a trade union under 7(a). Are there any more than four?

**Mr. Saxe:** The minister has a complete list; I can't remember whether it's four or five. The complete list is four or five.

**Hon. B. Stephenson:** I thought it was four.

**Mr. Saxe:** It may be four. I think there was a recent tribunal.

**Mr. Carter:** It's either four or five, anyway.

**Mr. Bounsall:** Are there any pending at the moment?

**Mr. Carter:** I think there are some pending. Often we do get the request. In some cases it's granted, in some cases it isn't. I think it would be fair to say, though, that there are some pending. It's a fairly standard request now.

**Mr. Bounsall:** Fairly standard request?

**Mr. Carter:** Yes, it is.

**Mr. Bounsall:** As a result of the changes. I'm glad to see that section of the Act operating. Do you have the four places? I have caught a couple of them in the press of late. I noticed that it was done.

**Hon. B. Stephenson:** No, I don't. I have only the numbers in this book. Wait a minute; just hang on a moment.

**Mr. Carter:** I think I can give the names. Dylex Company, one is Viceroy Electric, one involves concerns of Shakell Electric; and the fourth one is Kernahan Lumber in London. There's one extra one—

**Hon. B. Stephenson:** There it is. Yes.

**Mr. Carter:** —Ex-cell-o Wil-Dex. So that there have been five altogether at this point.

**Mr. Bounsall:** Those are the ones you have granted. You said you're getting increased use of this section of the Act. What percentage have been granted and not granted? What percentage of the applications received under this section have in fact been granted?

**Mr. Carter:** I don't think we have figures on that, Mr. Bounsall. Are you aware of any figures?

**Hon. B. Stephenson:** The section has been raised in more than 100 cases.

**Mr. Saxe:** That's right. The section has been raised in more than 100 cases, Mr. Bounsall, but to say as a conclusion the application has been granted five per cent of the time, would be a misrepresentation because most of those 100 cases have been certified without going into the section. So what's happening is that in many applications, the applicant is raising section 7(a) as an alternative, and in most cases that alternative is

never reached. Of the number of cases where we've actually reached section 7(a), I know of only two where it has been refused, although I think there are a few more. As a result of its being refused, no certification has been granted. In most instances the cases are dealt with without ever reaching section 7(a).

**Mr. Chairman:** Is there any further discussion? We have two minutes left under vote 2308, Labour Relations Board program. Is the motion carried?

Some hon. members: Carried.

Vote 2308 agreed to.

**Mr. Chairman:** Thank you very much.

That completes the Ministry of Labour estimates. I'd like to remind the members of the committee that we will resume sittings tomorrow morning at 11 o'clock to deal with estimates of the Ministry of Industry and Tourism.

The committee adjourned at 12:40 p.m.

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Cunningham, E. (Wentworth North L)

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Havrot, E.; Chairman (Timiskaming PC)

Laughren, F. (Nickel Belt NDP)

Mackenzie, R. (Hamilton East NDP)

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**Ministry of Labour officials taking part**

Brown, G. A., Executive Director, Ontario Human Rights Commission

Carter, D. D., Chairman, Ontario Labour Relations Board

Hess, P., Director, Legal Services

Lane, W. A., Employment Standards Branch

Nakamura, M., Manager of Community Relations, Ontario Human Rights Commission

Saxe, S., Assistant to the Chairman, Ontario Labour Relations Board

Scott, J. R., Director, Employment Standards Branch









No. R-21

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Industry and Tourism

**First Session, 31st Parliament**

Friday, October 28, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.



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## LEGISLATURE OF ONTARIO

FRIDAY, OCTOBER 28, 1977

The committee met at 11:18 a.m.

### ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

**Mr. Chairman:** I call on the Minister of Industry and Tourism to make his opening remarks.

**Hon. Mr. Bennett:** Thank you very much, Mr. Chairman, and members of the committee. I'll try to keep it in English. Vince, maybe you can put it into Italian for me as I go along. How's that?

**Mr. Kerrio:** I was thinking about a little oriental influence.

**Hon. Mr. Bennett:** You never know. Maybe we'll get a little bit of that in before we are finished.

While the Ministry of Industry and Tourism operates on a smaller budget than many other ministries, its responsibilities and activities are of utmost importance to the people and government of Ontario. This ministry is dedicated, in all of its programs, to a threefold purpose: 1. to encourage economic growth and job creation in the province of Ontario; 2. to assist in removing impediments to the growth and development of free business enterprise in the province of Ontario; and 3. to be an objective advocate for the views of industry and commerce in the Ontario government.

Before reviewing the activities of the ministry for 1977-78, I would like to introduce the senior members of the ministry staff who will be our advisers on the votes as we proceed over the next number of days.

First of all, may I introduce Mr. James Fleck, who is the deputy minister, and Mr. Peter A. York, assistant deputy minister. Mr. Fleck will advise on vote 2201, ministry administration program. Along with him will be Mr. Bill Ritchie, executive director of the administration division, who is down at the back table, and Mr. Campbell McDonald, executive director of the communications division.

Next is Mr. Red Wilson, the executive director of the policy and priorities division, who will advise on vote 2202. Mr. Wilson is new with the ministry, having been with us only approximately a year.

Mr. Garland, executive director of the industry and trade division, will advise on vote 2203, along with Mr. Bill Stadelman, president of the Ontario Research Foundation.

While I'm at this point, and before we get into the body of our discussions, I would like to say that over the past year there has been an attempt by Ontario research people to invite members of this committee in particular but, I think, of the House in general, to go on tour of the Ontario Research Foundation facilities. I would hope that members of this committee, when they find an afternoon or evening to spare over the next period of time, might take the opportunity to go and review the Ontario Research Foundation and its activities.

Next is Fred J. Boyer, executive director of the tourism division, who will advise on vote 2204.

Mr. Ross Radford, the tallest man in the ministry and executive director of the small business operations division, will advise on vote 2205.

**Mr. Hennessy:** Are you including yourself?

**Hon. Mr. Bennett:** No, Mickey, I was relating to you.

Mr. John Maxwell unfortunately can't be with us because of a program at Ontario Place this morning. He is the director general of Ontario Place and will advise us on vote 2206. Mr. John McDermid from Ontario Place is sitting with us this morning.

Mr. David Rodgers, managing director of the Ontario Development Corporation, will advise us on vote 2207.

Mr. Chairman, I am indeed pleased to welcome to the ministry the newly appointed parliamentary assistant, Mr. G. E. Smith, who will be active in the affairs of the ministry, with special attention to small business, which will be his major area of interest and assistance to us.

For the third successive year, the Ministry of Industry and Tourism has effected reductions in its estimates in keeping with the government's policy of restraint in the public sector. From a decrease last year of eight per cent in total, there is a further reduction of 11.8 per cent in the 1977-78 figures. The total allocation to this ministry for 1977-78 is \$98,458,000—down from \$111,664,000 last

year and from \$120,973,000 the year before.

Staff reductions of 2.1 per cent were effected, so the total staff stands at 849 this year, compared with 867 last year and 893 the year before. In addition, ongoing reductions will continue to be made throughout the ministry by attrition and consolidation of staff responsibilities in order to maximize the ministry's efficiency while reducing its manpower resources.

Tight controls imposed by this ministry are consistent with required response to the economic indicators for Ontario. Although we do not anticipate significant growth over the next year, there is reason for aggressive government action. Our manufacturing base remains competitive in Canada, and the climate for business investment is comparatively favourable. There is a need for both the public and private sectors to live within their means and to embark on a period of optimistic austerity.

Our direct operating expenditures and transfer payments were decreased by one per cent and 12.8 per cent respectively between 1977-78 and 1976-77.

I'm sure the hon. members know I have just come back from an extensive trip to promote Ontario in other parts of the world. Although I'll be happy to answer any direct questions that members may wish to ask, I will say generally that Ontario is well respected for its natural resources and its technical expertise. I met many ministers and top business officials during my travels, and was pleasantly surprised by their knowledge of Canada and Ontario. Many have visited this country and have studied our economy. The business mission opened many new doors and helped create a favourable environment for Ontario businessmen to make contacts in foreign markets for their goods and services.

Other countries are not without their domestic problems and, in comparison, Canadians are indeed fortunate. We in Ontario, and particularly in the private sector, must be more aggressive in world markets to achieve higher visibility and ongoing relationships with foreign customers. If there is anything that we learned in the five weeks during which we travelled in the world it is that Canadians are known but their visibility is not that high and they're not as aggressive in selling their goods as they should be. I am convinced that the private sector can do a more effective selling job and, from the foundations laid during this ministry's business mission, we will do everything possible to encourage Ontario businesses to maximize their effectiveness abroad.

Dealing with policies and priorities, as part of the realignment announced last January the policy and priorities division was created to consolidate and co-ordinate the research, planning and policy advisory functions of the ministry. Accordingly, this new program was developed by realigning the functions of planning, Ontario government metric conversion co-ordination, research activities from all operating divisions, and sector analysis activity.

The objective, simply stated, is to ensure that ministry resources are properly focused to provide maximum input to the industrial and economic well-being of the province of Ontario.

The policy and priorities division will undertake to identify key short- and long-term issues; to develop and recommend government policies and objectives; and to evaluate the implementation of government programs to ensure that they are on target and have appropriate cost-benefit ratios.

The planning branch will bring together information and plans from ministry personnel, manufacturers, tourist operators, association representatives and other government ministries. This information, along with the analysis carried out within the division as a whole, will be used to identify key issues facing Ontario, the Ontario economy and the ministry over the next three to five years. Priorities will be selected to determine the programs and policies which the ministry should undertake to ensure a healthy environment for business in this province in the 1980s.

A sector analysis branch has been established as a specialized component of the policy and priorities program. The factors bearing on the development of industry are not necessarily the same for all industries. The sector analysis branch has therefore been assigned the responsibility of identifying and evaluating the key issues or industries on a sector basis and of developing policy proposals and plans to alleviate the problems, support the needs and maximize the opportunities of individual sectors to improve Ontario's investment climate and to stimulate growth in the various industry sectors.

The specialized activities of the sector analysis branch are being applied to the formulation of Ontario's position on GATT negotiations. I'm sure all members know that GATT is the General Agreement on Tariffs and Trade. The branch's expertise is also being used to advantage in the evaluation of foreign investment review applications, where the government of Ontario or, for that matter, the government of any province where the



investment is proposed, is asked by a federal agency for an opinion. These matters generally are dealt with on a confidential basis between provincial and federal authorities. I might indicate that the reason for confidentiality is that a great deal of the information given to us is inside information on both the selling company and the purchasing company.

The industry and trade analysis branch in the policy and priorities division will identify and analyse the important environmental and structural issues fostering or hindering business growth, with a view to recommending appropriate ministerial initiatives. I hope some of you will underline that paragraph because of its significant importance to industrial development in this province. This branch has co-ordinated my ministry's input to the development of the Ontario government's position with regard to the GATT negotiations that are currently under way in Geneva.

[11:30]

I might report that in the last week or so we have had some representatives in Geneva meeting with the Canadian representatives, trying to reinforce Ontario's position and attitudes in relationship to what Canada is doing and what other countries are doing in trying to change tariff and trade relations. Specific recommendations are being developed on the tariff plan, the non-tariff barriers, adjustment assistance, safeguards, and a sector-by-sector approach.

While I talk about tariffs, one of the areas in which we would like to see some great input by Canadians is the reduction of the non-tariff barriers that exist in world markets. Canadians, generally speaking, have been considered lily-white, as we have not implemented non-tariff barriers to any extent in this country while others continue to increase the number of them.

Next will be industry and trade development. As a result of the ministry's realignment at the beginning of the year, five branches were established in the new combined division of industry and trade. These branches were defined and positioned and set in motion to develop an integrated industry and trade program for our province. Together, the industry branch, three industry and trade development branches, and Ontario House in London, England, seek to diversify and strengthen Ontario's domestic industry as a base for expanding trade opportunities abroad. This integration of foreign office and trade activity with industrial development and support at home should, we believe, produce

tangible benefits for the business community and the people of Ontario.

For example, I would mention several specific activities carried on by the ministry to stimulate manufacturing industries. These include:

Seven product, prospecting and technology missions abroad to search out new products and new technology for Ontario;

Two hundred and twenty-five municipal profiles to assist industries in selecting municipalities in Ontario in which to locate new plants. Closely linked with that activity is the consultation with plant location specialists, and a comprehensive industrial parks program basically applicable in eastern Ontario and northern Ontario;

Eighteen industrial technology seminars on specialized technology in the various industry sectors, to provide significant information on such subjects as energy conservation, utilization of industrial waste, increasing productivity with new technology, plus licensing and industrial opportunities in petrochemicals, wood residues, non-woven textiles and other new developments;

Manufacturing opportunity days were held in 10 communities over the past year.

The division of industry and trade publishes monthly issues of the Manufacturing Opportunities Bulletin, with sections on mergers and acquisitions, joint ventures, new products and processes, inventions, production facilities available, profits from waste, and agents and distributors.

I'm not sure whether members of the committee have received copies of that particular Manufacturing Opportunities Bulletin or not, but I would think, Mr. Fleck, it might be well if on Monday we bring a supply with us so they have some idea of exactly what the brochure really stands for.

In addition to specific programs, our industry branch specialists consult with many Ontario companies and with visitors wishing to locate here, and we work very closely with trade associations in many sectors. Trade associations, as you can appreciate, come from just about every sector of not only the economy of Ontario, but also organizations on a national level.

The ministry's international operations are decentralized into three major geographic areas, with programs being delivered by the appropriate geographic area specialists from head office and through our offices abroad. The three branches are Europe, special areas and North America. Ontario House, under the Agent General, is the industry and trade division's fifth branch. It provides the ministry's services throughout Britain and Ireland.

During the year, the industry and trade development branches have provided valuable customer contact in the field, delivered all the programs of the ministry abroad, and ensured a continuous flow of high-quality business leads which are offered to the Ontario business community.

During 1976, more than 3,800 members of the Ontario business community approached our offices abroad with specific requirements, or visited our representatives directly, either individually or as participants in the ministry's missions. Our business counsellors directed 250 international buyers to Canada. Assistance given by our offices abroad resulted in more than 16,000 appointments between Ontario's business people and foreign industrialists, selected buyers and distributors, and tourism wholesalers.

I'm sure we will have an interesting and constructive discussion when this item is called, as we will also have on the next item, which is tourism.

Before I leave this particular area, I should mention that on October 18 the ministry and the government opened a new trade office and tourism office in Paris, France. I am extremely optimistic that that is a market where we should be and where we will have some favourable returns.

Let me make it clear to the members of the committee and to the public that in no way are we in there as a rival for Quebec; in no way are we in there trying to match Quebec in its investment in that particular country. Quebec's investment, Quebec's staff, Quebec's whole program is extremely aggressive and the cost of their Paris operation is more than double that of the entire overseas division of the Ministry of Industry and Tourism for the province of Ontario. So I can offer the assurance without any hesitation that both from your point of view and the Treasurer's (Mr. McKeough) point of view, we shall not be trying to match Quebec step for step.

We do think there is a reason for our presence there. The federal government, the Quebec government and the French government welcomed us most hospitably and attended all of our official functions at the opening.

The objectives of the tourism development program in the ministry are to achieve optimal growth in tourism revenue while enhancing the quality of life in Ontario and maintaining the natural environment.

Tourism will contribute \$3 billion to the provincial economy this year and will account for about seven per cent of the gross provincial product. Provincial tax revenue gen-

erated from tourism this year was between \$350 million and \$440 million. On the low end of the figure, there are 175,000 year-round jobs in Ontario generated by the tourist industry, and that figure has been anywhere from 175,000 to 250,000. I think a more conservative figure is 175,000. Likely we would find if we did a complete and thorough analysis of every part-time job that relates to tourism that we exceed the 200,000 figure.

The planning section of the tourism development branch has published "Framework for Opportunity," a study which identified 17 tourist development zones in this province. Detailed studies were completed of three zones, and in these zones, investment opportunities were identified and strategies to develop tourism were recommended. One study was presented to a workshop in Sault Ste. Marie this year and now the local tourist operators, municipal officials and ministry personnel are working to implement the recommendations.

The tourist industry improvement section continued to develop services and human resources so that Ontario's competitiveness as an international tourism centre could be increased. The first federal-provincial conference concerned with tourism development was held here in this community this year.

The project development section enlarged several proposals for projects around the province. To cite an example of their work, there is a proposal under way to develop a crafts park in Renfrew county based upon the early trading days of lumbering in the Ottawa Valley.

The marketing section continued its program of promoting Ontario as an attractive place to visit for the vacationing and travelling public. Advice and assistance was provided to the 12 travel associations in Ontario and a variety of services was provided for local municipalities and tourism communities. A full range of material on Ontario's tourist attractions sustains attendance at all of our annual events and draws new crowds and numbers to Ontario tourist centres.

Small businesses in Ontario make a singular and an important contribution to the preservation of competitive free and diverse enterprises. As the hon. members of this committee know, my parliamentary assistant spoke in the House last week on this very topic. I would just like to stress the point he made that the small business sector contributes 20 per cent to the gross national product with the same average holding true here for Ontario; 95 per cent of all businesses have sales under \$1 million, a fact that illustrates



how important small business is to the economy of Ontario and Canada.

Small businessmen have many concerns. Some of these are high labour costs—justifiably so; a changing work ethic—well known; low productivity—explained many times; reduced postal services—I am sure no one has to explain that one much further; unemployment insurance; lack of training programs, and international competition. The ministry's small business development program is geared to assist and encourage in as many ways as possible the smaller industrial and manufacturing businesses in Ontario.

The operations section of the program maintained 21 offices in six areas across the province. The field officers in these centres provide two-way communication between small business and the ministry. They counsel on government programs, recommend industrial locations, promote exports and provide input to the ministry on the needs and problems of small business.

The consultative services branch has two sections: manufacturing services and marketing and financial services. Among nine programs that are administered by the manufacturing services section are energy management, production improvement, product and process innovation, and product design. Under the marketing and financial services section are professional advisory services in finance, accounting, marketing, transportation, shipping, small business management and general business improvement.

As my parliamentary assistant mentioned in his speech in the House on October 20, we have two other programs especially designed for small businesses which need and cannot afford professional consultants' services. The small business assistance program provides the skills and resources of students in business administration programs to smaller concerns, while the selective placement service provides small businesses with access to skilled and professional human resources.

The small business assistance program is one that we implemented six or seven years ago with the universities across the province of Ontario. Imperial Oil Company really initiated the program in the year prior to the government's becoming involved. We have found it a most advantageous program for the business community in Ontario. Complimentary remarks have been made by those in the small business community who could not have afforded a professional or semi-professional consultant—a consultant who, in a number of cases, helped them out of some of their financial dilemmas, their production dilemmas or their accounting dilemmas and so on. This

program has been well recognized. It is one of the programs where I hope as time goes along we will see the allocation of funding improved upon.

An advisory committee on small business has been established by myself. The mandate of this committee is to identify the opportunities and problems faced by small businesses in the province and to submit informed comments and recommendations to the government. The committee represents various regions of the province and a variety of small business sectors. The new committee will not only have input to the government policies that relate to small business concerns, but the province's economy generally should benefit by the growth and prosperity of small business. I am looking forward to my first meeting with the 12 members of this committee on November 1 of this year. [11:45]

Mr. Fleck, I think it might be well if we could supply the committee with a list of the members of that small business advisory committee. It has taken up a period of about four or five months to get it in place. Not all those that we invited to participate felt they could afford the time away from their small business to come to Toronto or wherever else we might hold meetings. We have had some very quick acceptances by some, and others who just felt that the period of time for travelling and being there was too great.

The next item is Ontario Place. I suppose if there is any ray of sunshine in the whole problems of government today, Ontario Place happens to be it. It's changed from something three or four years ago when it was nothing but the evil sin of the ministry and of the government and the people. Ontario Place enjoyed a record attendance of more than three million visitors this current year, surpassing last year by 10 per cent, and the previous record year of 1975 by five per cent. Interestingly enough, Mr. Eakins, 60 per cent of the visitors were from outside the Metro Toronto area, adding substantially to the revenues of the tourism industry as a whole.

This year 76 per cent of the performances at the Forum stemmed from top-fare Canadian entertainers, which I think is what most people want, accounting for many of the 625,000 people who enjoyed the various musical programs at the Forum.

Other facilities and attractions at Ontario Place drew record crowds as well. The new IMAX film, "Silent Sky"—Mr. Maxwell is attending an award presentation to that film today—was seen by more than a million people. The new slide and sound show was



seen by something in excess of 208,000. Interestingly enough, Ontario 1967 Expo film "A Place to Stand" attracted some 320,000 viewers at Ontario Place this year. It goes without saying that the children's village was by far the continuing popular spot at Ontario Place.

A total of 457 summer jobs were created by Ontario Place in the year 1977. We now have plans under way to increase the marina facilities. An increased dockage fee to those with large boats will add to the revenues of this area.

The Ontario development corporation have continued to encourage the development of industry in Ontario by providing financial assistance, technical and financial information, and advice, training and guidance.

The industrial incentives and development programs provide loans or the guarantee of loans to encourage and assist in the development and diversification of industry in this province. Incentive loans to encourage development in slow growth areas are repayable, although the commencement of the repayment may be deferred and/or interest may be forgiven for a period of up to five years.

Not only Ontario and other provinces in Canada are faced with the problem of trying to move industries into slow growth areas. The same problem is experienced in just about every country in the world that you happen to travel to. Interestingly enough, as I travelled I talked with a number of people who had programs that were somewhat similar to Ontario development corporation's in trying to move industries away from core areas into less-populated or more-remote communities. I would have to think that our program, while not everybody would jump with joy at its great success, appears to have had a greater degree of success than some of the others. I would have to admit that it is not quite as rich as some of the programs I met in other major countries of the world.

ODC term loans are available to new and existing businesses to meet a wide variety of business development requirements. This program also offers extensive advisory services to small business concerns and inventors of new products.

In this very brief summary of my ministry's activities, I have touched on some of the many issues which industry and tourism face in Ontario today, and I have outlined some of the various programs we are currently operating to deal with those particular challenges.

The ministry's programs have been designed to meet our commitments of encourag-

ing economic growth, of developing business enterprise and of representing the views of industry and tourism to this government.

Before concluding the introductory remarks I should like to mention again that I and the senior officials here from my ministry will be pleased to clarify points that you might wish to raise on particular areas of operation.

I trust as we proceed in the next number of hours with the estimates of our ministry that there will be many constructive and positive ideas that might also help to resolve some of the economic ills we are experiencing in this province and this country at this time. I hope we might also encourage the business community that we are still on a positive, strong economic position in this province, and while it may not exist immediately, its long-range potential is always much better than what appears to some.

**Mr. Eakins:** Mr. Chairman, in welcoming the minister back from his tour of Japan at this hour, I don't know whether it is appropriate to say "ohio" or "konichewa." But I would have thought I might have had the opportunity or invitation to accompany the group on the trip to Japan. I thought there would be three good reasons why I might have had a little priority. First, the town of Lindsay, my home town, is a sister city of a city in northern Japan—on the island of Hokkaido, the city of Nayoro.

**Hon. Mr. Bennett:** And you have a Japanese garden?

**Mr. Eakins:** Right. Second, I know about six lines of Japanese. Third, I am fairly conversant with the trade of barbering. So I thought that for any one of the three reasons I might have had an invitation to accompany you on the trip.

**Hon. Mr. Bennett:** Maybe we should have gone to Italy.

**Mr. Eakins:** Mr. Chairman, at the outset of these remarks I would like to comment on a very vital aspect of this ministry. That is the competence of its staff. My job has been made easier by the accessibility and the co-operation of your staff to a point that I would venture to say is tops and unparalleled by other ministries of the government. I feel it is a credit to you as the minister to have that calibre of personnel that are employed by you without which I would be unable to formulate the criticisms—I feel constructive criticisms—of your ministry.

I also want to add a personal note of appreciation for the very excellent co-operation I have always received from the ministry representatives in both counties I represent—your offices in Orillia, Huntsville and Peter-

borough. At all times I have found them most co-operative, and whenever I have had any referrals within the riding they have certainly looked after things in a very businesslike manner. I have certainly enjoyed their co-operation, and I feel that while it is easy to criticize, many times I think that when you do have good co-operation from a ministry and its staff, they should know about it.

**Hon. Mr. Bennett:** Thank you very much.

**Mr. Eakins:** I see the budget for the ministry for this year is less than it was last year, and it appears to be mainly at the expense of the development programs of tourism, and industry and trade.

I would like to divide my comments into two sections of the ministry at this time. First, I would like to discuss tourism in this province.

Last year I pointed out during these estimates that the number of US visitors to this province had been declining, and during the months of July and August in 1976 that drop had reached 11.2 per cent over the previous summer. I believe every one of us accepted the reasons for that decline since it was their bicentennial and presidential election year, along with the competition the province had with the Montreal Olympics. These factors have been eliminated in 1977. Most tourist operators looked optimistically to this year for a return of valuable tourist dollars, but that just didn't happen.

When I first questioned you on this last spring I pointed out that our research showed the number of visitors to Ontario in the first quarter of the year had dropped by eight per cent over the first quarter of the previous year. Perhaps of more concern, the number of Ontarians choosing to take their vacations outside the province had increased by 8.5 per cent in that period over the first quarter of 1976.

At that time you replied very optimistically that things were turning around—that a lot more visitors were starting to come back to the province and we'd at least maintain our share of the market with what we held last year, which we know was a very disastrous year for tourism in Ontario. I hate to be the one to break this to you but our visitation from the United States and overseas countries up to and including August of this year has declined over the same period in 1976. Once again the number of Ontarians choosing to travel outside Canada has jumped by six per cent for the January to August period over 1976.

We know the reasons for the slump in our tourist trade. About 85 per cent of travel

between the United States and Canada is by automobile and it has obviously been discouraged by the energy crisis, confusion regarding the difference in the size of the US and the Canadian gallon of gasoline, and of course the price and often the ripoff, I believe, of gasoline along Highway 401. We also have a problem convincing all businesses to honour the current exchange rate on the US dollar. We have had to deal with negative publicity regarding pollution of our lakes. Finally, we are still in an economic slump. I don't have to tell you that when disposable income is down sometimes one of the first things to suffer is the annual holiday. But our problem is much more deeply rooted than that and deals with the popular claim today that we are pricing ourselves out of the tourist market, a market that has indeed become one of the most highly competitive in today's economy.

Our costs are higher in Ontario. To begin with, the interest cost on funds used to build a motel in Canada would be around 11 per cent compared with seven per cent in the US, thus increasing overhead cost from the start. Minimum hourly wages are higher here, making operating costs higher and obviously giving a competitive advantage to bordering US cities where the minimum wage might be less by \$1. Finally, property taxes place many motels at a competitive disadvantage. We are also in competition with other provinces for our own residents since Ontarians are the target of many advertising programs. They are especially desirable visitors since they tend to stay longer in their destination and spend more money.

The development of tourism in Ontario has contributed substantially to our province's economy. Last year it brought in \$2.8 billion in revenue and accounted for 200,000 jobs either directly or indirectly and induced. This makes tourism one of the province's largest employers and our second-largest industry. It is without doubt one of the largest sources of foreign dollars. In 1976 some 20,755,000 tourists from the United States visited Ontario spending about \$750 million. Visitors from all other countries excluding USA totalled 885,000 and accounted for a further \$290 million.

This makes the tourist industry a vital one for the province. But its position of dominance has been losing ground. The total number of visitors choosing Ontario for a vacation land has been decreasing for a number of years now. At the same time, the number of Ontarians taking advantage of a sunny southern climate or a charter flight



abroad for their holidays has been steadily increasing. Accordingly, the growth rate of tourism revenues in Ontario has been declining since 1974.

This has not been welcome news for one of the province's largest employers. As I mentioned previously, the declining trend culminated in a drastic year for Ontario tourism in 1976. But the fact that the slump in our tourism industry is continuing indicates the depth of the problems we are faced with.

On a national perspective, tourism has been proclaimed to be Canada's largest single employer, providing jobs for more than 860,000 people directly and indirectly. This represents 8.5 per cent of the work force and it's been estimated that domestic and visitor spending on travel represents 5.5 per cent of our gross national product. Last year approximately \$9.2 billion was spent by tourists in Canada and the bulk of that came from Canadians travelling in their own country.

[12:00]

The private sector in the tourist trade involves some 80,000 businesses, the vast majority of which are small. It is estimated that throughout Canada there are about 20,000 hotels, lodges, cabins, resorts, motels and campgrounds, and about 43,000 restaurants. Because of the growing importance of tourism in Canada—according to the Canadian Government Office of Tourism—the tourist trade seems destined to become Canada's leading industry in income by the end of this century.

I think it is important to note here that despite the considerable discussion that has taken place over the past three years on the outlook for the Canadian balance of international payments, the travel account has received relatively little attention until recently.

The deficit incurred on travel expenditures increased from \$284 million in 1974 to \$1.2 billion in 1976, and the size of the travel deficit, relative to the total deficit on trade and services, increased from eight per cent to 20 per cent over the same time period. These figures in themselves suggest the topic is worthy of further examination.

Moreover, the travel account provides an excellent example of the difficulties facing economic analysts in distinguishing between short-run developments and changes in the long-run trends—problem which applies to the interpretation of recent developments in Canada's balance of international payments in general. Over the period from 1951 to

1974, travel receipts increased at an average annual rate of 8.3 per cent, whereas travel payments grew by an average of 8.8 per cent each year.

Not surprisingly, travel receipts bear little systematic relationship to the Canadian business cycle. Broadly speaking, travel receipts have moved through three phases since 1951, the beginning of which roughly coincided with major changes in the exchange-rate regime of the Canadian dollar.

By far the largest number of foreign visitors to Canada came from the United States, although both in absolute terms and as a proportion of total visitors, US residents have declined in importance in recent years. In 1976 American residents accounted for 88 per cent of foreign visitors staying in Canada for one or more nights and for 69 per cent of Canada's total international travel receipts.

Similarly, the United States was also the destination of 88 per cent of Canadian residents travelling outside the country last year for one or more nights, and this accounted for 63 per cent of Canada's total international payments.

The severity and the duration of the last recession differed substantially between Canada and the United States. Essentially, Canada did not suffer such a severe cyclical downturn in 1974-75 as did the United States. But the recession in Canada was more protracted than was the US recession. Largely as a result of these differences in these overall cyclical performances of the two economies, there have been major differences in performance of prices and of real personal disposable income in the two countries. Together with the exchange rate, one would expect these variables to be major determinants of the demand for international travel.

The behaviour of prices in the two countries—adjusted for changes in the exchange rate, which provides a closer representation of the set of relative prices facing the consumer in making decisions regarding travel—indicates higher rates of inflation in Canada. Consumer prices in the United States, expressed in Canadian dollars, increased by 25 per cent in the three years ending in the fourth quarter of 1976, whereas consumer prices in Canada increased by 31 per cent over the same period. Thus, from the point of view of either the Canadian or the US consumer, the relative cost of travel in the two countries has shifted in favour of the United States since 1974.

Speaking about our tourism industry on a nation-wide basis gives us an idea of the magnitude of the sector, and the severity



of the problems involved can best be illustrated by a look at the \$1.2 billion deficit that occurred in 1976, the estimated deficit of \$1.7 billion for 1977 and, above all, the prediction of the federal task force on tourism that the balance of payments shortfall could reach a whopping \$10 billion in 1985.

I feel tourism in this province has been in some ways taken for granted until now, only because of its depressed state. It has now been recognized. Until some of our problems can be corrected, the situation in our tourism industry will continue in a depressed state.

Ontario has a good product to sell. We have scenery and recreational opportunities so unique in this province that people genuinely wish to return once they have experienced a holiday here. I understand that Ontario invests \$6 million annually in bringing in and retaining tourism dollars in the province. Promotional efforts generally prove rewarding. The return on our advertising dollar is around, I believe, \$260. That is higher than the federal government or Quebec figures which, by comparison, are only \$158 and \$147 in revenue respectively. Perhaps it also justifies allocating more funds to promoting our tourism industry.

F. Gerald Brander, president of the Travel Industry Association of Canada, put his finger on the problem recently when he said: "Our main handicap is that the general public does not understand how tourism works to their benefit. Tourism dollars are new dollars in a community and never stop spreading. They're in the pocketbook of every citizen."

You may already be aware that the Liberal caucus, in recognition of the depressed state of tourism in the province, has set up a task force under my chairmanship. We plan to travel throughout Ontario—hopefully, before the end of the year—to hear from as many of the province's tourist operators as possible. This task force stems from a survey conducted throughout the summer. Chambers of commerce and local tourist organizations were contacted for their grass-roots comments on how tourism might be aided in their areas.

The minister is probably aware of that, since some respondents forwarded copies to the minister's office. During the votes of the tourism development program, I will be glad to share with the minister some of the local comments which I have received. I want to say to the minister that any of the comments which we receive will be considered and discussed with him in a constructive sense because as members of the

opposition, it's our duty to talk to people throughout the province and to work in a constructive way with the ministry to endeavour to improve the tourist industry of the province.

As an industry, tourism does not have the many disadvantages of other industries—such as pollution, for example. Unlike other resource-exploiting industries, tourism is not necessarily resource-depleting. This has been proved over and over again by countries that have planned the proper use of their tourist resources.

May I conclude this segment of my remarks on tourism by stating that, in terms of its contribution to our economy and its job-creating capacity, it's too vital to this province to be overlooked. In light of our current economic situation, we feel there is a genuine need to focus on the restoration of the tourist industry to its place of dominance in our province.

Turning to industry, I would like to highlight the problems faced by industrial operations. I feel that while it's important to seek investment from abroad, there will certainly be no point to it if a foreign investor finds, after locating in Ontario, that his operating costs will not allow him to run a business profitably.

To be perfectly blunt about it, I would like the minister to tell us if the provincial government is, at present, implementing an industrial strategy. The province's industrial sector is in a depressed state. Our firms are the target of northeastern US municipalities that are presently luring our companies with promises of lower taxes, cheaper labour and more political stability. In fact, some industrial parks in this section of the US are offering such amenities as 15 years of property tax abatements; and Ontario, I'm afraid to say, simply cannot compete with this.

The depression that is making these northeastern States so attractive to Canadian industry was created by a mass exodus of US industry southward to southern States. Faced with higher wages, prices and taxes, many Ontario firms have taken advantage of this.

A New York State research analyst has estimated there are now about 140 Canadian manufacturing or distribution firms in the US, 44 of which relocated in 1970, and 25 of those were from the Province of Ontario. Last year's exodus is estimated to have cost us \$28.6 million in investment and 1,330 new jobs.

The other side of this problem lies with the numerous subsidiary plants that have found it to be more profitable to cease manufacturing operations in Ontario and simply to

operate their firm as a distribution centre for goods manufactured in the United States.

This, obviously, has a very detrimental effect on employment. These are the problems we have to face in order to save our industrial sector. We have to live in the real world and start to compete with such factors as the luring of our firms to the United States.

There are a great many problems inherent in our branch plant economy. We simply do not have enough money directed into research and technological development. Branch plants tend to take advantage of importing the technology from their foreign parents. This, in turn, reduces the higher-skilled and higher-paid jobs.

The economics of such a situation is that the province's taxpayers are footing the bill for colleges and universities to turn out highly-skilled professionals for whom there are few jobs.

Many, ultimately will go to the US. To adjust we should be aligning our educational and industrial policies. At present we are emphasizing higher education but failing to provide a sophisticated industrial and technological base to employ the graduates.

Business failures are running at a record level this year. Ontario holds the dubious honour of having almost one half of all Canadian business failures.

In Canada as a whole, failures have reached 3,294 by October 6 of this year, compared with 2,443 for the same period in 1976.

Of that total, Ontario reported 1,382 by October 6, compared with 1,015 for that period last year. That constitutes a 36 per cent increase.

Bankruptcies simply don't happen overnight. I would even suggest that every credit manager in this province knew that Bad Boy was going under. I feel the time period involved in eventual bankruptcy is long enough for the province to step in and help the situation in order to avert job loss.

Bankruptcies are even more unappealing when seen in the light that they not only result in job loss but many other economic shortcomings and the reduction of consumer selection of goods and services.

At this point, I would like to tie in bankruptcies with the ministry's foreign investment missions because there appears to be such a time-lag involved in actually obtaining investment from these trips.

The bankruptcy situation is upon us now but we must wait a certain amount of time before actually seeing investment from your trade missions.

I wonder if the minister was aware, when he embarked on his mission to the Orient in the fall of this year, that there still had not been a single dollar of investment from the European mission of 1976. Although a lot of activity has been generated by the trip, including approval by FIRA of 24 new investments and 12 acquisitions, it still takes time to get the actual operations under way. During that time period anything can change in the economic setting that could be detrimental to that investment proposal. That factor concerns me the most.

I would, therefore, be interested in any further information on last year's investment mission and any good news which the minister would like to share with us about this year's mission, because I hope that we have already heard all the bad news.

For my part, I've introduced the Small Business Act which I hope will receive your full co-operation. While there will be full discussion and possible amendments and accommodation, the beneficiary will be the small businessman and the small business sector of Ontario.

I would like to conclude my opening remarks, Mr. Minister, with a comment on the significance of the policies of the ministry. It cannot and should not operate in isolation from other ministries such as Environment, Natural Resources, Consumer and Commercial Relations, Labour, Education, and Colleges and Universities. Its policies are intertwined with these ministries and it should function that way.

Your deputy minister in a speech earlier this year, commented on the programs of this ministry, and stated that because of Ontario's size and importance to Canada, these programs take on a national significance. I couldn't agree with that statement more. I would only add that there is a very significant role to be played by the policies of this ministry in a national unity context.

The largest number of visitors that Ontario receives from other provinces comes from Quebec. Likewise, Ontarians regularly visit Quebec themselves. By such regular exchanges we can develop a better understanding and appreciation of each other's viewpoints. In fact, Ontario's tourism industry can contribute much more than all the political speeches put together just by warmly welcoming Quebecers and all other tourists to our province.

[12:15]

Mr. Wildman: At the outset, I'd like to echo the remarks that Mr. Eakins made regarding the co-operation on the local level and at other levels in the ministry. Certainly



for me, as a member who represents a very large area of northern Ontario where tourism is very important and has been for years, I've had a great deal of co-operation with the local office, and I appreciate it. I'm sure it will continue. Also as a member from an area that experiences slow growth and regional disparities, although I may not agree with some of the approaches of the ministry and so on, I've certainly had co-operation from NODC and their representatives. I congratulate the minister for that and want to echo the comments made by Mr. Eakins.

**Hon. Mr. Bennett:** Thank you.

**Mr. Wildman:** When I was considering how I might approach the estimates of the ministry, I was tempted to dwell upon the two major brouhahas that have been perpetrated on the province by this ministry, or at least by the Conservative government through the aegis of the ministry. I'm referring to Minaki Lodge and the Edwardsburgh land acquisition, both of which hit the headlines again during the minister's round-the-world tour.

**Hon. Mr. Bennett:** May I just correct you, Mr. Wildman? The second one was not by this ministry.

**Mr. Wildman:** I'm going to get into that later and I'm sure we'll have discussions about that. I feel that these two fiascos raise questions not only about the ability of the government to manage the affairs of the province and to stimulate viable economic development in slow growth areas, but also about the role and influence of this ministry and the minister in determining policy on tourism and industrial development within the government.

In the Minaki situation, the government has invested over \$8 million, apparently with no clear notion of when or how the lodge might be brought into operation as the tourist Mecca of the north predicted by the minister and his colleague, the member for Kenora (Mr. Bernier). The government has assured us many times that the lodge would be sold, but not at a loss. If this is so, I'm wondering why Mr. Fahlgren would suggest that the government should give it away to private developers. The subsequent denials by Mr. Bernier and Mr. Bennett have added to the confusion on this whole matter. It's obvious that after spending \$8 million on the lodge, the government is unsure of its future. I hope during the course of the estimates we will clear up the confusion and explain how we, the taxpayers of Ontario, will recoup a fair return on the investment of so much of our money which, as yet, has had little benefit in terms of employment.

**Mr. Kerrio:** We'll sell it to Bob Welch.

**Mr. Wildman:** The sense of uncertainty and confusion within the ministry is even more apparent in regard to Edwardsburgh. When we consider the conflicting statements from the minister on the prospects for a provincial industrial park there, we can only conclude that the minister was not involved in the decision to purchase in the first place and, though his was a designated lead ministry for development, he was opposed to the whole idea. I remember the statements quoted in the media at the time. I quote from the minister—

**Hon. Mr. Bennett:** Are they accurate?

**Mr. Wildman:** I think I'm being accurate. He said: "We would be completely off our nut to build an industrial park there."

**Mr. Kerrio:** Famous last words.

**Hon. Mr. Bennett:** No, famous first words.

**Mr. Wildman:** "The government did not want to encourage industrial development in Edwardsburgh township." And another quote: "Whoever was assembling the land certainly won't get any encouragement from me."

**An hon. member:** That is another criticism.

**Mr. Wildman:** Another quote: "I personally find it extremely difficult to believe the government can justify such a large purchase." I hope I've been accurate.

**Hon. Mr. Bennett:** Close.

**Mr. Wildman:** The minister informed my colleague, the member for Cornwall (Mr. Samis), on October 29, 1975, in discussion of his ministry's estimates that he "was not one of the ministers who was involved in the final conclusive decision." He also stated "the decision rested with the Land Development Corporation. The decision to purchase could have been made by the Minister of Government Services."

Although there is apparently some confusion over who actually made the final decision to obtain options to purchase, it is obvious that the minister wasn't involved—at least from his statements and was opposed to the whole concept. Also in those estimates, the minister stated that there was no consultation with the municipal officials in eastern Ontario prior to the purchases. In the latest issue, however, of Ontario Industry and Tourism Review of July, 1977, the ministry stated, without referring to any of the earlier statements by the minister, that they had studied the whole area and "approximately 6,500 acres would be suitable" at Edwardsburgh for establishment of large-scale industry.



Then, while the minister was on his way to Paris, it was reported that the site might not be suitable and the land could be used by the Ministry of Natural Resources for forest regeneration, or at least a large portion of it could be. Again we have a number of conflicting statements and a lack of policy direction from the ministry. It appears that the minister was not privy to the discussions leading to these decisions and that there was an abysmal lack of planning in the whole matter by whoever in the government was responsible.

I wonder what the role of this ministry really is if such major decisions on regional development can be made without the minister's knowledge or concurrence. Does the minister carry out the planning and initiate industrial development, or does he simply react to decisions and development controlled by others? As I said at the outset of my comments, I was tempted to concentrate on the bungling on these two major matters, Minaki and Edwardsburgh, but on reflecting on the announcements by Inco last week, I realized I would be remiss if I didn't discuss the ministry's failure to develop a more stable economic and industrial base in this province.

Although it is stated in the minister's comments on page two of the Ontario Review of July, when describing the Ontario economy—and I quoted them in the House today—as inherently strong and predicting it would continue to prosper and to grow, we already are suffering from the highest unemployment level since the Great Depression, one that will continue to climb if the layoffs, such as the ones that we have already experienced at Falconbridge and National Steel and which have been announced by Inco and perhaps could result from the closure of firms like Anaconda and Emanuel Products, continue to occur. How the minister can predict prosperity in this crisis is really beyond me.

The problem is that neither the minister nor the Treasurer realize the severe economic problems we face today are not just the result of short-term cyclical fluctuations in world markets, but of the basic structural weaknesses of the Ontario and, for that matter, the Canadian economies.

**Hon. Mr. Bennett:** The world economy.

**Mr. Wildman:** Yes, certainly, I would accept that. I want to concentrate for obvious reasons mostly on Ontario and Canada and how we relate to that world economy.

These structural weaknesses have developed over the last 20 years, according to John Shepherd, the executive director of the Sci-

ence Council of Canada in testimony before the Senate foreign affairs committee last spring. He said: "The problems of Canadian industry underlying our slow rate of growth are not primarily related to recessionary pressure. They are chronic and structural. Compared to other countries, Canada is experiencing a very poor rate of industrialization, almost to the point," Mr. Shepherd said, "that we might say it is relatively de-industrialized."

He points out that in 1955 Canada was second only to the US in the value of manufactures per capita, but by the end of 1974, we had been overtaken by Sweden, France, Japan, Finland, Australia and West Germany. Other countries which had been a long way behind us were close to closing the gap. These included Norway, Belgium, Denmark, Austria and Italy.

I realize that these are Canadian figures and that Mr. Shepherd was talking about the Canadian economy. But considering the importance of industry in Ontario and Ontario's role in the Canadian economy, they obviously have serious implications for our economy.

Because of the instability of economic growth, the Canadian standard of living, which was second highest in the world in 1960, had slipped to fifth by 1973. Even more alarming are the changes forecast in our industrial structure over the next few years. According to the Ontario Economic Council, employment in goods-producing industries in Ontario will shrink from 36 per cent of our labour force this year to 28 per cent in 1987, if current trends continue.

Obviously the Ministry of Industry and Tourism should play a central role in bringing about the changes necessary in the industrial structure of the province that appears to have led us to the edge of this economic precipice. The minister and his colleagues, the Treasurer (Mr. McKeough), and the Minister of Labour (B. Stephenson), continually make speeches, I think for very sincere reasons, about the poor productivity of Ontario workers and how unfavourably it compares to the United States and other countries as an explanation of our poor economic performance—or at least one of them.

Only poor analysis could lead them to heap blame only on the workers, however. As the member for Ottawa Centre (Mr. Cassidy) pointed out last April, what we should be talking about is the overall rate of productivity of Ontario industry, not just of labour.

Differences in productivity between nations relate to a number of factors and how they

are combined—not just to one factor, labour. A recent study by the federal Department of Industry, Trade and Commerce agreed that Canadian labour productivity is about 18 per cent below that of the US and that is bad. But it pointed out that the average productivity of capital in Canada is about 46 per cent below that of the US—much worse. This suggests the need for measures to improve the performance of capital and management input in Canadian manufacturing.

This weakness results, I think, from the basic structure of the industrial development here. We have developed a truncated, branch-plant economy, as Mr. Eakins mentioned, with the encouragement and the assistance of the Conservative government. This branch-plant structure of much of our manufacturing industry leaves many of the management research and development functions at head offices outside of Canada.

Thus, innovation, expansion and jobs generated by these functions are often not located here. Research and development into new methods and products, which in turn generate new manufacturing activities and new employment, largely take place outside Canada. The Science Council of Canada again reports that only three per cent of the plants located in this country really carry on serious research and development.

According to the National Research Council, industry here spends a mere 0.35 per cent of the gross national product on research and development, compared to one per cent to 1.7 per cent by firms in the leading industrial countries of the world. This level is insufficient to support new industrial development.

Two years ago the ministry did detailed sector analyses and, as the minister mentioned, that has become an important role of his ministry. These analyses provide a clear indication that many industrial opportunities in Ontario were being lost because little, if any, research was being done here.

In a branch-plant economy, subsidiary firms have easy access to high technology in manufactured goods and services from parent companies abroad. There is little incentive for the development of them indigenously.

[12:30]

The underdevelopment of Canadian R and D and high technology manufacturing is thus inevitable. It's not as if the ministry hasn't recognized these problems, and I realize the minister has. For example, on page three of the 1975 edition of the review it was stated: "The commercial health of this province over the next few years will depend to a great

extent on our ability to achieve two broad goals: the attraction and expansion of secondary and tertiary industry so we will be able to produce more specialized and fully manufactured goods."

The method advocated by both the minister and the government to bring this about, however, is even greater foreign investment in our economy; so the minister and the Premier (Mr. Davis) jaunt overseas trying to attract it. I submit that such an approach is largely self-defeating, since the lack of secondary industry and technology development is part and parcel of the branch-plant economy encouraged by the government.

Investment, both foreign and domestic, in Ontario has concentrated on the development and extraction of raw materials for export to manufacturing plants in other parts of the world. Multinational firms play a dominant role in mineral production and marketing in Canada. Their interests often conflict with ours, since most foreign manufacturing multinationals have no desire to establish processing of the resources they are extracting here because this would undercut the parent manufacturing company. Canadian-based multinational mineral companies usually invest in processing and manufacturing but often in other parts of the world. As a result, real control over the behaviour of many corporations operating here rests outside Canada, and the government's traditional methods of stimulating growth often have little effect here.

Resource industries, as we all know, are capital-intensive and not job-intensive; so tax concessions and write-offs for new equipment don't benefit the workers and the unemployed of Ontario. Such funds are often or usually re-invested or spent abroad, benefiting foreign machinery manufacturers and workers. Because of the multinationals' financial power and their ability to transfer activities and profits to other parts of the world, the Ontario government is sometimes subject to corporate blackmail and has little control over a corporation's actions. This has been demonstrated graphically in regard to Inco and Falconbridge. Resource export markets are characterized by wide fluctuations in price that are often responded to by consequent changes in production—the boom-bust cycle that has affected every mining town from Elliot Lake to Red Lake.

Most multinationals have little concern for long-term stability and as a result, their interests conflict with ours. The amount of processing of raw materials into finished goods or even semi-processed goods is limited. Manufacturing remains underdeveloped and we



are unable to provide sufficient jobs for our growing work force. Unless government policies in Ontario change drastically, our substantial human resources will continue to be wasted, as the select committee on economic and cultural nationalism warned.

This ministry admitted in the 1975 edition of its review that Ontario should "increase the degree of fabrication in many goods now exported." But the government has failed to recognize that there must be a basic restructuring of our economy if we're to diversify and lessen our dependence on resource extraction. Despite the efforts of this ministry and TEIGA to work within the existing framework to expand secondary industry throughout this province, Ontario's Future: Trends and Options lamented in 1976:

"In the north many communities are dependent on a single mine or plant, while in the south some areas are dominated by a single manufacturing industry or a few closely related industries. . . This condition leads to serious problems if that industry runs into economic difficulties." That's almost an exact description of the situation in the Sudbury basin.

The paper goes on to say that "communities throughout Ontario [are] overdependent on particular industries and extremely vulnerable to fluctuations in the prosperity of those industries." Many Ontario communities, both large and small, remain in essence company towns. It's obvious, then, even to a Conservative like John White, that economic planning by the provincial government is necessary in order to diversify.

Despite the various initiatives by the government as a result of that thrust, however, the pattern of the Ontario economy has not changed. The programs of the Ministry of Industry and Tourism, such as encouraging trade and assisting small business and small manufacturing with its various consultative and financial services—ODC, NODC and EODC as well—have not been successful in altering the basic structure of our economy. Obviously, they never were intended to.

The objective of diversifying the economies of northern and eastern Ontario has been largely unsuccessful. In the words of the Bureau of Municipal Research in March 1977, "The objective of decentralizing economic and population growth to the north and east is not being achieved. In northern Ontario, for example, the labour force tied to forestry and mining has been in relative decline. The population growth has been slower than the province as a whole and incomes tend to be below the provincial average. It is fair to

say that the government has not made significant inroads in solving the problem of regional disparity."

The bureau goes on to worry that the provincial government has abandoned its short-lived commitment to economic planning. "Government planners," it says, "talk about the limitations of large-scale planning and argue that economic development can at best be affected by public policies only at the margins."

That's not surprising, considering the attitudes of the government as expressed by the minister and the Treasurer. For example, in his speech to the Smiths Falls Industrial Commission on April 27, the minister stated: "The government of Ontario is a great believer in natural forces. In today's context this means attempting to withdraw or soften government involvement in a relatively free market." Further, "There is a great pressure on the government, from industry itself, to back off from the private sector and to let market forces take over." Of course there is. Just ask Inco.

In a speech to the Convention and Tourist Bureau of Metro Toronto, the Treasurer said: "It's our conviction that only a leaner and more effective public sector and a freer and more self-reliant private sector will provide the kind of changes in our economy required to meet these tough problems."

With attitudes like those, no wonder neither of these ministries has any aid to offer the small gasoline dealer who is being forced out of business by unfair pricing practices and competition from self-serve stations owned and operated by the multinational oil companies.

We're always prepared to push for adequate funding and staffing for the Ministry of Natural Resources and the Ministry of Industry and Tourism to carry out the various programs necessary if the tourism industry in this province is to prosper. Much less are they likely to take concerted steps to institute the economic planning and expedite measures required to diversify our economy to provide rational development and employment.

Since private corporate planning in regard to investment, production, and technological and resource development, aided and abetted by successive tax and other concessions by the Tory governments, have not solved and indeed have worsened the problems facing our economy, it's our position that planning must be broader in its considerations and much more democratic. In co-operation with industry we must develop what John Shepherd calls technological sovereignty.



Areas of high technology manufacture suitable to Ontario must be identified and domestic research and development encouraged. The government should assist in upgrading the managerial expertise of small and medium-sized Canadian firms. By the way the terms of reference for eligibility for loans for manufacturing firms from the development corporations should be widened to include processing industries.

These initiatives should be integrated into an overall planning strategy aimed at developing an independent Ontario secondary manufacturing industry. The key area of planning, of course, is in the use of our natural resources. The government, through an agency like the Metals Procurement Board of World War II, must negotiate with large-scale producers annual output and export levels for major minerals in order to prevent the building up of large gluts, as occurred with nickel.

The government also should promote more participation and control for mining-based communities and mineral-sector employees in output and investment planning in order to give them more defence against sudden mine shutdowns. It's not enough to count on taxation changes to assure public benefits and to ensure more manufacturing and processing is done in Ontario.

The government must negotiate with the mining corporations percentages of total refining to be done here and rescind all the frills of legislative regulations requiring processing in Canada. If government encounters concerted resistance from the multinationals to co-operation in planning the exploitation, processing and marketing of our resources, which seriously impedes our efforts to ensure the people of this province benefit from resource extraction, it must be prepared to facilitate the setting up of joint ventures, or if necessary to invest public funds in establishing Crown corporations to refine minerals.

I should point out that this isn't just my idea. In December 1976 the Ministry of Natural Resources published a paper entitled "Towards a Zinc Policy for Ontario" which said, "If processing plants are not planned now and built in Ontario they will likely be built elsewhere." Since only about 25 per cent of the zinc mined in Ontario is processed here, at Texasgulf—a company in which the federal government has invested—and since zinc refining would provide about 500 jobs, the MNR study suggested the setting up of a joint private venture or a Crown corporation to build a custom refinery. If a nickel refinery were built to process ore from Falconbridge, between 1,400 and 1,800 jobs could be created.

If there is no other route, the government must be prepared to take over one or more of the existing multinationals as a core of a new public enterprise aimed at developing manufacturing in this province. I don't seriously expect the minister or his colleagues to agree with me, because of his laissez-faire attitude and affinity for—

**Hon. Mr. Bennett:** No, common-sense approach.

**Mr. Wildman:**—foreign investment exploiting our natural resources. He and the government accept basically, although they regret what's happening in Inco, the inevitability of the boom-bust cycle on our resource based economy.

I want to point out, though, that even John Bulloch and the Federation of Independent Business have concluded that "our economy is sick, suffering simultaneously from high unemployment and inflation." They argue that "encouraging further foreign and domestic investment in natural resource extraction for export means continuing to export jobs and holds problems for the future."

I have provided to the minister some alternatives to the policies his government and ministry have been following. I haven't dealt in detail with the problems of tourism and trade specifically and I hope we will get into those when we are getting into the specific votes. I'm sure we will. But it's my conviction, and that's why I concentrate on this, that unless these policies are changed, they will produce an industrial wasteland in Ontario. It is just now becoming all too evident in the Sudbury basin.

**Mr. Eakins:** Mr. Chairman, I wonder if I could just make one correction. On page 10 of my remarks there's one error in the second paragraph. The third line should read "1976" rather than "1970."

**Hon. Mr. Bennett:** Mr. Chairman, I will try to respond for a few moments and maybe more specifically on Monday. I do not have a written text of Mr. Wildman's remarks and so to try to take note and answer all the problems or all the questions or all the proposals—

**Mr. Wildman:** Mr. Chairman, it's a little late for that; but we could have it delivered later today.

**Mr. Chairman:** That would be fine, if you would.

[12:45]

**Hon. Mr. Bennett:** Mr. Eakins and Mr. Wildman, I'll say to both of you, first of all, I appreciate your complimentary remarks to the staff of the ministry and of its development corporations. I have a great deal of

confidence in the staff ranging from industry development and tourism development officers to loan agency officers or consultants in the field, backed up by what I think is a very capable group of people at the Toronto office in the Hearst Block.

While Mr. Wildman may not altogether appreciate the next remark, I think the efficiency of the office and the competence of the people come from the fact that about 80 per cent or better of the senior management of my ministry, both at the ministry and the development corporation levels and at Ontario Place, are people who have served a fair length of time in a number of areas of the private sector.

They have come to realize some of the things that must be done by a government to assist industry to continue to be productive and profitable. That, I think, is one of the reasons why we have a ministry that seems to relate as well to politicians as it does to the public or the small businessman. I'm not trying to make a difference between public and small businessman other than that I should cover them as a particular group since we deal with them more specifically.

They are people who realize that courtesy is a requirement and, even though they may not agree all the time with people who are in to see them, that understanding of their problems and the explanation of their position is what is required.

Mr. Eakins, a year ago I talked about tourism in very optimistic terms. The federal minister was talking about it in very optimistic terms. The travel associations of Canada and Ontario were talking about it in optimistic terms. The United States was talking about it in optimistic terms. So was Hawaii and so on—and I could go on to mention pretty well everybody who attended the IATA meetings.

Everyone was of the opinion that tourism would rebound. What I suppose they didn't feed into the machine was the fact that people were becoming more and more personally concerned about what their long-range opportunities were going to be and what they were going to live on if economic conditions did not improve to the degree they wanted them to improve.

Mr. Chretien said the other day—and he's absolutely right, which you'll find if you talk with any of the banks, whether they are in this country or in most of the other free-world countries—that people are starting to put more and more of their personal earnings into deposits with banks and so on. They are not spending them. It doesn't matter whether

we're talking about Sudbury, my city of Ottawa or Lindsay, it is a characteristic that is prevalent in the society that we live in at this time. People have changed their attitudes about travel; they have reduced their period of travel and they have become much more concerned about how they are going to survive in their home community, and not on that two-week vacation.

It's the first thing that happens, John. When you say to a person, "What are you going to cut in your personal spending?", they'll always think of the thing that's easiest to cut and that's least likely to interfere with their 365-day-a-year survival; that is, the cost encountered in travelling for their own relaxation.

It doesn't satisfy me or anybody else to see the figures going down. I suppose the only country in the world that I know of where figures have climbed in the current year by 50 per cent over a year ago is England. But we didn't have a silver jubilee taking place in Toronto or Ottawa. If we had, we might have seen that 50 per cent climb. I can tell you this much, having been in London a week ago today: the expression of opinion by Londoners was that they hoped they would never see another year like it.

**Mr. Kerrio:** We're trying to end a 34-year reign.

**Hon. Mr. Bennett:** But they've only had 25 years so far in England. When we hit our 50th anniversary, which we should, then there will be one hell of a blowout. We could really put on a golden jubilee celebration. Instead of using silver medallions, we'd get into gold ones. Now, who's going to pay for it? We'd likely get the gold from Timmins to keep them operating—

**Mr. Chairman:** Kirkland Lake.

**Hon. Mr. Bennett:** Kirkland Lake. Pardon me. I thought you fellows were prosperous enough up there.

England had a very interesting year in tourism. I'd hate to be the minister of tourism for England next year, because I don't think he can improve 50 per cent on this year's figures. Not only do I not think it, I would doubt very much. They've had a great year. This year in England they've done something in the range of \$3 billion, which is a fairly substantial sum of money.

Tourism is down. Every country we went to is spending more and more money on capital projects to try to set the stage. More and more of them are spending money in the field of promotional advertising. You're absolutely right. Our market is being penetrated by others that we never had before as com-



petition. New York State is a good example. We look at the newspapers from day to day and see the fantastic number of dollars of advertising that are coming in here from foreign countries and their airlines. Mind you, I have to tell you frankly, that's exactly what we're doing in their country with Air Canada or with whatever other national carrier Air Canada happens to be associated with.

On the other hand, I must admit that last Sunday morning I listened to the Hon. John Chretien on radio saying that Canadians should draw back from spending so many of their days out of the country on holidays or tourism. That sounds great. Mr. Chretien and I, when he was Minister of Industry, Trade and Commerce, had many long hours of discussion both at meetings and personally on the subject. We were of similar mind at that time. It's not something that's just hit Mr. Chretien since he became the Minister of Finance. The humour of it happened to be that when the news broadcast was finished, Air Canada came on with this great package of reduced air fares from Toronto to London.

You've got to ask yourself if it's not counter-productive to have the federal minister saying Canadians should spend less time out of the country because it's having a very detrimental effect on our imbalance of trade payments, and a national carrier owned, I believe, by the federal government is advertising exactly the opposite of what the minister is saying.

**Mr. G. I. Miller:** What's the air fare into Canada?

**Hon. Mr. Bennett:** The air fare into Canada, if Mr. Laker could take hold of it, would be a hell of a lot better, let me tell you. I don't talk down Freddie Laker's program. I met Laker two or three years ago when I was in England. He impressed me at that time because of his roughshod attitude about dealing with national carriers.

**Mr. G. I. Miller:** We have lots to offer here too but our rates are so high it's discouraging rather than encouraging.

**Hon. Mr. Bennett:** I'm not denying that. I didn't create the atmosphere.

**Mr. Eakins:** Perhaps further on in the votes there might be some comment on that.

**Hon. Mr. Bennett:** We didn't create the atmosphere. The fact is our cost and standard of living have risen. The conditions placed by municipalities and by provincial governments and national governments on building codes and requirements in structures have gone up considerably. Capital costs are higher. Mr. Eakins explained that interest in this country is higher than it is in the United

States. All of those things have to be taken into account if you're going to run profitably.

I can tell you that we work at it. We try to make funds through the tourist development program and the ODC, EODC and NODC favourable to encourage people to make that investment to upgrade and improve the quality of service and facilities. I think to a great extent Mr. Wildman's area has gained from it. I think the north has probably gained from the program more than any other area of the economy of Ontario.

**Mr. Wildman:** Except that NODC has had a pretty poor record in my particular riding.

**Hon. Mr. Bennett:** Let's not get so parochial. You're dealing with provincial matters.

**Mr. Wildman:** I understand they have done a lot in the north.

**Hon. Mr. Bennett:** I could tell you in my riding EODC has done nothing.

**Mr. Wildman:** No, I don't mean they haven't done anything. They've lent about \$1 million but all the firms have gone bankrupt since they've lent it to them.

**Hon. Mr. Bennett:** That's not uncharacteristic of what the Canadian Imperial Bank of Commerce, the Bank of Nova Scotia and the Bank of Montreal are faced with right now. We're partners with them in a few loan deals. I'm thankful we might have \$100,000 while they've got \$1 million in it. They're not any better long-range forecasters than we've been. If everything had stayed on the economic trends that were predicted at the time and if world markets had continued to improve and the boys in the United States had continued to advance, I'm sure most of the things we're talking about today would not be disaster cases. Ontario has a very small position. As big as we would like to think we are in the world economy, we're rather small and we're affected by what happens in the international monetary system, not by what we do in the monetary world by borrowing.

I'll be getting more specific, maybe on Monday, in responding to you with some of the percentages and so on. There is no doubt about it that tourism has contributed very substantially in a general way to the province of Ontario in its overall economy and more specifically in some of the areas where it is virtually impossible to secure investment in secondary manufacturing processing in that part of our geographic location.

We cannot in any way draw back from what we're doing in the tourist field. We must continue to promote. Ontario is well thought of. It is a matter of people's attitudes having to change and that starts at home.



**Mr. Ziemba:** Can you give us the names of those firms that are in trouble and that you are worried about?

**Hon. Mr. Bennett:** No, I wouldn't give you those firms because the moment they become public they are in trouble. That is the whole problem. If we sit down and analyse some of the things that are said publicly by politicians and others, we encourage disaster. Rather than trying to resolve a problem, we just abet it. We add fuel to the fire.

**Mr. Ziemba:** Are there a great number out there?

**Hon. Mr. Bennett:** There are a fair number that are in trouble. There is no sense in denying it. Mr. Horner is aware of them.

**Mr. Kerrio:** The number of bankruptcies is accelerating.

**Hon. Mr. Bennett:** Bankruptcies do in any economic down period.

**Mr. Kerrio:** That's right. I appreciate that.

**Hon. Mr. Bennett:** You know that and I know it. Just to get off this for half a minute, if we look at economics, we have in this country and this province a lot of people who are in a marginal position. We have known that. The banks have known it. The financial institutions and the lending institutions have known it. They have said so. They have gone on and on because we are living on borrowed time. We are living on tomorrow. If tomorrow's market does not develop, it means there is no money and there is no cash in the till to pay the people. All of a sudden somebody has to take a bath.

**Mr. Ziemba:** Who is the prime creditor, the banks or the province?

**Hon. Mr. Bennett:** The banks by far, and other lending institutions. I should not say the banks only. They have personal funding.

**Mr. Ziemba:** We are not that secure then.

**Hon. Mr. Bennett:** As a province?

**Mr. Ziemba:** The province is not that secure?

**Hon. Mr. Bennett:** As a province, sure. Long range we are secure. Mr. Wildman mentioned natural resources and a number of other things. We still have these to trade with and to develop industry and other opportunities. Inco said yesterday, "If you think we are walking away from Sudbury at this point, after having—what is it?—\$4.2 billion invested in Sudbury, you have got to be ludicrous. You have got to be out of your mind to think we are walking away from that."

**Mr. Wildman:** Falconbridge might.

**Hon. Mr. Bennett:** I don't know whether

Falconbridge will or not. You are making a projection that I would say publicly is not well made.

**Mr. Wildman:** I don't know. It might.

**Hon. Mr. Bennett:** That is right. That is why we should not say it because it then disturbs some of the money markets for those companies trying to borrow.

**Mr. Wildman:** The layoffs by Falconbridge in the last few months and last few years certainly don't indicate they have any real desire to keep going, certainly in the markets that they have got right now.

**Hon. Mr. Bennett:** Mr. Wildman, I will agree with you. A man has cancer and the doctor says to him, "Mr. Wildman, you can go to the hospital and have it operated on. I think you can survive but we have to remove it." Companies find themselves basically in the same position. They have a problem they have to deal with today. If they don't, the whole thing is gone. The whole thing will die.

Isn't it better that we try? Some will suffer and we recognize that. Or should we leave the whole thing intact and have all suffer?

**Mr. Wildman:** It is better that they process those things here rather than in Norway.

**Hon. Mr. Bennett:** That is fine. You only have one other thing to do. That is a very interesting statement. Other countries in the world are as industrially inclined as we are. Do you know what they want to do? They want to create employment for their people.

**Mr. Wildman:** Sure.

**Hon. Mr. Bennett:** They will buy your raw materials, but don't forget, you are not exclusive to the world market with nickel. You are not exclusive to the world market with iron ore. You are not exclusive with gold or silver. You are not exclusive with very many things coming out of Canada. In uranium, we are very interestingly in a position to do some bartering. But don't let us overplay our hand. That is what I am afraid Canadians could very well do.

I want to make the point clearly that if we were the exclusive suppliers of the world market of nickel, we could dictate as some people are doing with oil, but we are not. As long as we want to take the attitude that we're going to process to the nth degree, we are not going to sell it. We are not going to sell it because it will come out of other countries of the world. Australia has got some very long-range cost-protected contracts with several countries of the world because he would export in a matte form when Canadians would not.

Just remember, if you are in complete control, if you are an exclusive agent, you are fine. Mister, when you are no longer an exclusive agent, you had better become realistic because the world marketplace will only talk to you on realistic terms.

**Mr. Wildman:** The government has to become realistic in its concessions to ensure that they benefit Canadians rather than foreign subsidiaries of the multinationals that control the mineral industry in Canada.

**Hon. Mr. Bennett:** You are referring to Inco and its investment in Guatemala and in Indonesia. I will be glad to discuss it with you as would the Premier. I think the Premier and others would likely have some

further comments to make on it. Just remember that Canadian technology at least went into developing those mines. If Inco had not exercised the right to develop those mines, somebody else in the world would have and it could have become a hell of a lot more competitive force against us than by having our own company there.

I will be glad on Monday to go further into Mr. Wildman's remarks.

**Mr. Chairman:** It is 1 o'clock and we will adjourn until Monday night at 8 o'clock in this committee room. I would ask that all members of the committee try to show up.

The committee adjourned at 1:01 p.m.

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# Legislature of Ontario Debates

Official Report (Hansard)  
Daily Edition

**Resources Development Committee**

Estimates, Ministry of Industry and Tourism



**First Session, 31st Parliament**

Monday, October 31, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.



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# LEGISLATURE OF ONTARIO

MONDAY, OCTOBER 31, 1977

The committee met at 8:05.

## ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM (continued)

**Hon. Mr. Bennett:** Mr. Chairman, in my remarks on Friday I think I'd pretty well covered some of the points raised by Mr. Eakins relating to tourism, the accuracy of the figures he had quoted and the market position that we are experiencing in Ontario and Canada.

There's always some optimism that we are going to see some change in air fares that might add some encouragement to the situation. Indeed, the other point I think we should keep very clearly in mind is the 90-cent dollar, as we presently have it in Canada. I think it will help, once the information gets through in the United States, to stimulate the tourist market to a greater extent.

There are some encouragements. I might report that just today I was talking with the CN Tower people and some of the hotel people in the city of Toronto. It is encouraging that we've had rather heavy bookings in the weekend traffic. We've had in the CN Tower for an example, on Saturday and Sunday of this week better than 6,000 persons per day. The majority of the people now in our community on those weekends happen to be from the United States, which is encouraging.

**Mr. Eakins:** What is the average attendance? You say 6,000?

**Hon. Mr. Bennett:** I didn't ask what the average attendance was, but I gathered that what has really happened is that they've had a 13 per cent increase over last year, their initial year, which was a good year because it was a real spectacular even for the natives of the city of Toronto and surrounding community.

Their overall business on the year is up 13 per cent. The weekend traffic has increased substantially. For example, I was doing my reckoning today and CN has a booking for next weekend for 1,100 people from Detroit in a special car. They're coming up here and they'll be staying in two of the major hotels in this community. That's a change, and

obviously it's because they have given some special package deals in the tourist field.

May I for a moment just speak on the investment missions that we've had abroad, in particular the one that the Premier and I were on last year to Germany and England.

You'd asked about some positive results. I think I'd said before, and I'll repeat, that we're not always able to give you the positive results from any of the missions we happen to go on. A period of time is needed for people to get involved in their commitments. Indeed, some of them might take many years.

Last year when I was in certain parts of the world representing the government, I met some people who were interested in financial commitments in Ontario and Canada. From an investment point of view, the Aga Khan's representatives, for example, will not be determining any investment at this very moment. What they will be doing is trying to stabilize and get some feeling for what's going on in the Canadian economy.

Let me report that since the Premier (Mr. Davis) and I returned from the United Kingdom and the European, or German, mission, we've had success. I think, John, you might have these figures from your research people. The cost of the mission was roughly \$91,000. About \$83,000 of that \$91,000 would have been committed by the ministry in sending people on the mission to start with. The other \$8,000 or \$9,000 involved was for the portion of the operation relating to the Premier and his travels to Germany and England.

Since then, January 1 to June 30 of this year, we had site location visitors. As a result of that mission, 58 of them came to the province. Joint venture visitors were 31, luncheon and arrangement visitors were 19, and contracts available visitors were two. Regarding new investments received by FIRA, Mr. Horner today at noon again indicated clearly that the interest in and applications to FIRA in the last three months have increased substantially.

In Ontario's case, it was 24 and the acquisition applications received by FIRA, that is, takeovers, numbered 12. So there has been a rather remarkable situation. We have two firms within November or December that we expect could very well announce

some opportunities of planned establishments in the province as a direct result of our investment mission a year ago.

Mr. Chairman, I don't think I will pursue that any further. As we come along to that vote we can answer further questions if there should be some.

May I deal with the remarks made by Mr. Wildman? First, I think he was on Minaki, if I recall correctly. The total investment by the government as of March 31 of the current year will not exceed \$8,240,000. That pretty well answers everything since the commencement of government's operation. The capital construction is slightly in excess of \$5 million.

To say that we have not been concerned about trying to complete Minaki I don't think is quite correct. The fact remains that over the last year or two we have had several proposals by the board of directors of Minaki. They have proposed to the ministry, and indeed through the Management Board, that we look at the possibility of establishing a lodge there which would have 77 rooms; another proposal was for up to and including 250 rooms. If it was 250 rooms, they felt that it should be a year-round facility with year-round recreation accommodations needed to make the operation work effectively. In fairness, the one reason that we're not going ahead with it at this time is government constraints. Simply that. If there were the same number of dollars available for some of these projects in 1977 and 1978, as we happened to have back in 1973, 1974 and 1975, this project likely could come to completion.

Mr. Fahlgren's remark a few weeks ago that we'd give the lodge away I don't think is quite correct. I will cover two points here. First of all, the position at the moment.

The public accounts committee several months ago asked that we try to dispose of Minaki Lodge to a buyer. Over that period of time, the board of directors and myself have had discussions with several companies. For reasons best known to themselves, but I think very apparent to us, the economics of the day are not such that people are getting into large capital expenditures or into half-finished projects, which Minaki happens to be at the moment.

We indicated clearly that the government is prepared to complete the lodge, and some firms would sit down and negotiate with us, either on a partnership arrangement, management arrangement or some other possible business ventures. We're now preparing an advertisement that will appear in some of the trade journals, again indicating the avail-

ability of Minaki for sale. I would not want you to think that we should restrict the ads singularly to sale. I think we have to be open-minded enough to look at pretty well any proposal that the private sector might wish to come in with. Whether it be a partnership with the government or some other type of venture, we would be interested in looking at it. The ad should appear very shortly, as I say, in the trade journals.

[8:15]

The operating costs during 1976-77 total \$396,000. In the current year, we figure that the cost of operating will be in the range of about \$250,000. The only portion of Minaki that's operating at the moment is the place known as Holst Point, which was a trailer camp and a small lodge.

With regard to Edwardsburgh and in response to the question raised by the member for Algoma (Mr. Wildman), I'd like first of all to clarify the role of the ministry as it rates to industrial development planning.

The Ministry of Industry and Tourism is primarily the in-line ministry with the responsibilities to implement those programs and government policies and at the same time execute activities which will achieve industrial development and its goals. This, therefore, places a responsibility on the ministry to deal with the immediate and short-term needs compared to long-term planning as part of the regional development objectives.

The officials of the ministry work closely with those of other ministries, particularly with the Ministry of Treasury, Economics and Intergovernmental Affairs which has the basic responsibility to develop a long-term regional development goal, and more recently the Ministry of Northern Affairs, which has the responsibility to develop developmental strategies having particular application to northern Ontario.

At the time of the Edwardsburgh purchase the regional strategy planners were developing certain concepts which included the accumulation of land at several strategic locations such as Prescott, the Brockville area the Sudbury region and the Thunder Bay region. At that time, considerable large-scale development was taking place, such as the development at Nanticoke. It was anticipated that should this trend continue there could be a severe impact on agricultural lands if steps were not taken to provide for the development of large-scale sites to meet heavy industry needs over a long-term period.

At the same time, my ministry was developing a program which would have an immediate effect, whereby municipalities in



eastern and northern Ontario would be provided with loans to develop municipally-owned industrial parks which would accommodate smaller secondary manufacturing within the areas. This could be readily serviced, but at the same time conform to the land-use planning and zoning bylaws already established and reflected in the municipal official plans.

Some time later in our estimates we'd like to touch on industrial programs. But, very quickly, there have been 13 proposals received from municipalities. Of those, two have been from northern Ontario, 10 have been from eastern Ontario and one from Muskoka.

So far, four loans have been approved for Perth, Sault Ste. Marie, Kingston and the town of Renfrew. The community of Perth has since withdrawn its application and is using its own financial resources, while Sault Ste. Marie, Kingston and Renfrew will use the loans. Perth has sold one site of eight acres and Sault Ste. Marie completed the internal servicing of its park in September. Kingston is in the midst of completing the installation of services, as is Renfrew.

The remaining proposals are in various stages of further review by the municipalities involved. In several cases, the local sewage treatment facilities are inadequate or the land still requires to be annexed.

A major benefit has been the requirement to properly plan both the location and the financing of an industrial park. This has resulted in municipalities assessing the value of investing public funds under the hard, cold light of reality in terms of need, marketability and cost. In so doing, councils have become more aware of other factors related to the development and the need to set realistic spending priorities.

In addition to this program we have supported the development of industrial parks in the Parry Sound area, the Sudbury region and the Pembroke area. These have been funded by the regional priority budget as part of the development strategies for eastern and northern Ontario.

Concerning Edwardsburgh: I would state that it still represents a strategic location for heavy industry because of the transportation facilities, including deep-water shipping, and because it is located between two major market areas of Canada, those being Toronto and Montreal.

Mr. Eakins: Do you feel that way, personally?

Hon. Mr. Bennett: I think I do in the long range. If I had to deal with it tomorrow,

the answer would be no, because economics are not favourable. Of those we looked at—and we had two or three—one we were very optimistic about it at the time and felt that it was going to come ahead. But again it was a foreign company; a major international company was its parent operation. But because of economics in the home country, as much as what is happening in our country, they withdrew.

Long range, I think Edwardsburgh can come on stream.

Mr. Wildman: But you didn't think that in 1975.

Hon. Mr. Bennett: I'll tell you what, frankly. If I had to make my decision today again—if I didn't have the X thousand acres in my ownership, I would defer the purchase of it until I thought that the economics were better for the requirement of land. Planners had a different opinion in that day, and obviously decided that they should move forward in their day.

Mr. Samis: And Darcy won out.

Hon. Mr. Bennett: No, no, but now.

Mr. Eakins: They didn't tell him, either.

Mr. Samis: They didn't name one.

Hon. Mr. Bennett: Let me clear up one very interesting point that has been made in the last few weeks. I think, Mr. Wildman, you might have alluded to it on Friday. In no way have we abandoned our long-term development plans for this area, as it relates to the establishment of heavy industry. I said in the House, and I think it was reported in newspapers, that we had a study made relating to 20,000 acres in the region, and not the 10,000-odd that we happen to have ownership of, or options.

Our original purpose was to identify those lands best suited to accommodate large-scale industry and to indicate a time-frame for the development. In the light of the current economic conditions, our own spending constraints, and little or no surplus capacity in existing servicing facilities, we have basically adjusted the development phasing. I think that's very understandable in today's economy.

You asked: What are we doing in the meantime? Rather than allow the land to remain unproductive during this period, we have suggested a land management program which will have both an economic and demonstration value to the area. At the same time, no strain will be placed on the limited services of the area.

Another component of the study was the identification of the sensitive lands which

should be restricted in their use. These are lands which contribute to the natural environment in terms of ground water supplies, the South Nation River drainage system and other ecological factors. Our ultimate plan will prohibit any form of development on these lands, which will result in the creation of future pollution problems.

Other than the lands owned by Edwardsburgh township, the property under study is not currently designated for industrial purposes within the existing official plan of the municipality. Before any steps are taken in the development phase, it will be necessary to reach an agreement with the local authorities, both on the final land use designations and the scale of development acceptable, not only to us but more so to the local community.

It will also be our intent to follow the normal procedures as required under the Planning Act in requesting amendments to the official plan. Once again, at the outset of this project it was clearly stated that any industrial development would be planned over a long term to accommodate large-scale developments, which are considering eastern Ontario as a location. The first study has been completed. If we are to do a further one, it will have to be with the full co-operation of the authorities to look at other aspects of how industry can now be put in place.

May I clear up the last point, that whatever suggestions are made that the land be transferred over to the Ministry of Natural Resources for use, is only for an interim period.

**Mr. Wildman:** Surely, if you are going to plant trees on it, it's going to have to be a long interim period.

**Hon. Mr. Bennett:** Not the type of tree they are thinking of planting. I am not an expert on the type of trees planted, but I understand the type of poplar tree that they are looking at can be cultivated to maturity in about six years.

**Mr. Samis:** But that's an ongoing program.

**Hon. Mr. Bennett:** Well, it could be, George. That again is one of the tests that they are going to put the land to. Again, I am not trying to answer for Natural Resources what the success ratio might be. But there is some indication by the consultants that this could be an appropriate use for the land.

**Mr. Eakins:** That wasn't the original plan for the land, was it?

**Hon. Mr. Bennett:** That is correct. It was not. I think that in response to some of the remarks that were made I said I would

bring over the manufacturing marketing opportunities bulletin that is sent out monthly. If I may ask the Hansard gentleman to pass these out. At the time, I said I would also bring a press release relating to the advisory body established for small business and the appointments, in case some members misse those.

The Ministry of Industry and Tourism published a monthly manufacturing marketing opportunity bulletin. It is now being circulated, with over a thousand opportunities for business development each year. These opportunities include new products, processes and technology available for the use of Ontario manufacturers under licence. Included are special opportunities relating to metric conversion, enhancing our competitive position abroad. In 1976, over 90 licensing agreements were signed in the province, resulting in several hundred new jobs. The other area in which we are very active is joint ventures. Thirteen major joint ventures were reported in 1976, with trading by similar number of facilities and new jobs in our province. I might point out an example of the new joint ventures, the TNT Bearing Company in Mississauga. New technology, new products and new jobs have been created from the company formed by Japanese and Ontario principals.

**Mr. Wildman** made reference to new companies and their operations in Ontario and I'll be pleased to cover those as we proceed through the estimates. There were 165 new manufacturing opportunities established in the province as a result of the ministry's work, creating something in the range of 3,000 new jobs. You can touch on the defence contracts and the trade-off program we have in that particular area.

There are product prospecting missions where groups of businessmen are assisted to visit foreign shows and meet with foreign businessmen to see and discuss licensing or joint venture opportunities. Six of these missions have been conducted in 1977 and initial results indicate seven licensing agreements will result. Sixty-five Ontario manufacturers have been assisted by these missions. A typical example of a benefit concerns Mechanical Advertising in Oshawa, where **Mr. R. Kelly** secured a licensing agreement for a West German traffic signalling system and has since been producing this unit for sale. In addition he obtained the new technology for sign manufacture and initiated sales in the United States on a trial basis. With respect to the manufacturing opportunity shows, which we can cover very quickly in our estimates, the



last we had in 1976 resulted in projected \$70 million worth of new business to this province. And in June of 1977, a similar show was held in co-operation with a new firm by the name of Hotpoint, which was formed when General Electric and General Steel Wares took over Westinghouse. Six hundred manufacturers came to the show held in the Macdonald block, and they have the opportunity of bidding on something like \$40 million worth of imported components at the moment. I've since talked to management of that company and a very substantial portion of it will now be supplied from the domestic market. I use the word domestic because it will not be only from Ontario but also other Canadian sources. You can get into the field of exports and the co-operation we have between the federal government and this ministry the fact that they have a computer terminal in Ottawa which we use giving us a great deal of information to assist Ontario manufacturers in knowing the availability and success ratio they might expect in the foreign market.

We have spent considerable time talking about branch plant economy in Ontario. Firms investing in joint ventures and licensing arrangements in Ontario bring far more technology to this province than is taken away. In many cases new firms bring with them new research technical facilities previously not available in this province. Some of them are now in very extensive use.

As well, such plants often bring in key personnel from other parts of the world. With them comes new product technology, which is often available to the benefit of other associated industries, as well as themselves. May I cite one or two examples?

The Sinteris company from Italy, which has developed a powdered material technology now used extensively in North America in the auto market. Mitel, which has become a world leader in telephone signal technology and is very successful now in exporting. We can go on with several others that we have listed.

[8:30]

We've talked about sectoral work. We'll come back to that later.

Forest products was one of the areas I think, Mr. Wildman, I'll touch in a moment through the development corporation. The furniture industry is one that we've been participating in, trying to rationalize it. We've had a great deal of success in bringing together a number of companies to try to give some stability to it.

Let me touch on an area known as productivity. We agree that productivity is a ratio of output into input which must take into account all relevant factors and not just hours worked. It simply happens that productivity is commonly expressed in terms of output per man hour, the most simple and most available statistics for comparative purposes.

In his remarks on Friday the member for Algoma indicated that the Treasurer and I had constantly related to productivity only in relationship to the man hours work turned out. Since your research was so good, Mr. Wildman, in reviewing most of my speeches, I'm sorry that they didn't continue to do as complete an analysis.

I think if you looked at my speeches over the last two years, you'll find that I was very, very specific in not pushing the point that productivity relates only to man hours. My remarks have been just as critical of the capital investment in industry in the province. In some areas we have fallen behind in capital investment.

I have also said clearly, as you have in your remarks, that research and technology have fallen behind in some areas in the province of Ontario. I have said that management skills in some industries obviously were lacking. Fourth, and not least important, is the man on the line as well—his interest, his desire, his ambitions to make the best product in the shortest period of time he can. All four go together to make a thing known as productivity. I don't think the Treasurer or I at any time tried to zero in specifically on the man on the line. I think that if we're realistic, the real problem starts in capital investment and works on from there.

Let me just go on.

We consider that industry in Ontario is productive. For example, the interim report of the anti-dumping tribunal on women's and girls' footwear, on July 15 of this year, said, "The output of footwear per worker was higher in Canada than in the USA in 1976." Canada ranks with the best in the world. The machinery in use is modern.

And why shouldn't it be? One of the best shoe manufacturing people in the world today happens to be Tom Bata and his associates, right here in Ontario. He exports his equipment to world markets, some of them even behind the Iron Curtain, for the manufacturing of shoes and the production of shoes. Major machinery supply companies in Canada are multi-national. They are able to supply the most sophisticated equipment available in the world.



Finally, in the women's and girls' footwear market in particular in which innovation and changes in design to meet the consumers' demand in taste pose some rather interesting challenges—indeed, I would have to say they might even pose risks, both to the manufacturer and importers—the tribunal found abundant evidence of enterprise among the Canadian manufacturers.

I'll also try to give some of my people with us here tonight a pat on the back, because of one of the industries that was in trouble. You will recall there were some lengthy discussions with the federal government—Mr. Chretien in particular—as to what we were going to do to help the shoe industry. The ministry people worked long and hard. Mr. Chretien eventually brought in a limitation on imports, but there was another thing that had to happen and that was a rationalization within the industry itself. There were a number of small companies that had a fair amount of technology but did not have all the expertise of the modern day. I'm referring to computerized patterns for the manufacturing of shoes.

The ministry brought six fairly substantial companies together in the province into a consortium. They could afford the computer time to do the pattern work and so on which has made them more competitive, both on the domestic scene and back in the export world.

It would be wrong for us to accept without question that Canadian labour or management is unproductive. I think that is making a far too sweeping statement. There are many industries where we in Canada are as competitive with the United States and some of the European communities. I will not be able to say that we are as competitive as some of the Third World developing countries where labour rates and the environmental requirements are entirely different from what we have in this country.

You brought up the suggestion that ODC was established to alter the basic structure of our economy.

**Mr. Wildman:** No, I said it was never intended to, but I suggested it might have.

**Hon. Mr. Bennett:** The objects of the corporation are stated in the Development Corporations Act which reads: "The objectives of the corporation are to encourage and assist in the development and diversification of industry in this province."

The major thrust of the corporation has been to create jobs. Since the inception of the three corporations—first of all, ODC in 1966—according to the statistics and to the

applications made and approved, in the first year of ODC there were 19,502 jobs with the projection over the five-year period of 45,148 jobs.

NODC which represents the area which you come from, was established in 1970. In the first year in which applications were approved, it established 2,640 jobs with a projection in five years of 4,708.

EODC, for the area from which Mr. Samis and I happen come, was established in 1973. First-year applications resulted in 2,135 jobs with a projected position of 5,291.

I hope as we get on with ODC estimates we'll be able to discuss ODC and some of its changing policies and areas it should be looking at. I have some convictions as to what we should be doing in ODC, EODC and NODC at this point in time—the three corporations. Basically in the light of the economics of the day, the general application and policies relating to loans should be much broader. Maybe there should be a further generalizing of the terms that we use on OBIP loans to cover pretty well all sectors of loan applications.

I trust that covers in a very abbreviated form some of the things that Mr. Wildman and Mr. Eakins raised on Friday. If not, I hope we'll have the opportunity to be more specific with them as we proceed through the various votes.

**Mr. Chairman:** Mr. Bounsall.

**Mr. Bounsall:** I will pass to Mr. Wildman.

**Mr. Chairman:** Both the Liberal and NDP critics have had the opportunity to respond to the minister's comments and the minister has replied. I think we should go ahead with the vote.

**Hon. Mr. Bennett:** May I ask Mr. Ritchie to join us at the table then, Mr. Chairman? May I apologize for the absence of my deputy minister, Mr. Fleck. He is in New York on an industrial problem that I asked him to go down on today. He might be back later tonight. I'm not sure.

**Mr. Bounsall:** I will pass then to Mr. Wildman. Put me on the list for later.

**Mr. Chairman:** Mr. Wildman then.

**Mr. Eakins:** I thought we alternated, Mr. Chairman.

**Mr. Chairman:** Mr. Bounsall and Mr. Wildman have indicated they wanted to speak.

**Mr. Eakins:** Do we not rotate from one party to the next?

**Mr. Chairman:** It depends who signals first.

**Mr. Eakins:** I couldn't help it. You weren't looking up this way.

**Mr. Chairman:** I was looking both ways, sir.

**Mr. Eakins:** I would suggest, Mr. Chairman, that we should revert. I think it's fair to all.

**Mr. Wildman:** I think it would be fair, Mr. Chairman, if we rotated among the various parties.

**Mr. Chairman:** It's no problem as long as that meets agreement with all three parties.

**Mr. Eakins:** I think that's fair.

**Mr. Chairman:** There's no problem. It's just that in the previous estimates we went through we didn't have this difficulty. Whoever wanted to speak had a chance to speak. That's fine. Do you care to go along first and then Mr. Wildman?

**Mr. Johnson:** As long, Mr. Chairman, as you don't forget the third party.

On vote 2201, ministry administration program; item 1, main office:

**Mr. Eakins:** I'm glad you speak that way, Jack. There are just a couple of things I wanted to ask the minister. I'll take it under vote 1 but it's coming out of his remarks.

Could you perhaps elaborate on any changes in dealing with FIRA? There's been some mention some time ago that FIRA was taking a long period of time to approve applications. I understand that at this stage this situation has improved quite a bit. That is the first.

The second question I'd like you to comment on is your relation with other ministries. I believe Mr. Wildman mentioned Edwardsburgh. It seems to me that there is a great lack of working together among the ministries. Do you meet together to discuss things which are important to Industry and Tourism? I'm thinking of various ministries, such as Natural Resources, which deals with activities in many parts of Ontario that are related to Industry and Tourism. It seems to me there is a definite lack of co-ordination or co-operation between the various ministries. I just wanted to make those two points at this time.

**Hon. Mr. Bennett:** First of all, in relationship to FIRA, there has been a marked improvement in the handling of applications by FIRA. At one time it was a long drawn-out ordeal. I wouldn't want you to think that there's still not some period of time because there is, but it's not always FIRA's fault. I have to give them full marks here. A great number of times it's because industry, when it's asked for certain informa-

tion, does not respond very rapidly, yet it still counts that as the lag time or the slack time that it takes to get an application approved.

FIRA has changed certain policies in dealing with applications. I forget the exact sum of money, which I can get as we go through it, but if the application involves something like \$200,000 or \$300,000, what will happen is that we basically take a phone survey 10 days after the information is in the hands of the ministry or the provincial government agency that is involved with it.

This past year there have been a total of 22,002 applications relating to or affecting the province of Ontario. You can appreciate that it takes a fair amount of time in the ministry to try and read through the—and I use the word bumph—material that comes in. Sometimes it comes in a second and third time, and it has to be analysed a second and third time to arrive at some conclusion.

**Mr. Eakins:** What is the average length of time now for our dealing with FIRA? Is it 60 some days, on the average?

**Hon. Mr. Bennett:** Let me just put it this way. Some take a longer period. I take it that acquisition companies, inception of June 30, 1977, was 293. Number of months—I'm just trying to relate this to the figures here. Pardon me, that was a total. In the month, 36. Is that what it is, Mr. Wilson?

**Mr. Wilson:** I believe there's some information on the average time.

**Mr. Samis:** You know what your colleague from Windsor says these days, your federal colleague?

**Mr. Eakins:** What's that?

**Mr. Samis:** It's a paper tiger, with no teeth any more.

**Mr. Chairman:** We're discussing provincial politics, not federal.

**Hon. Mr. Bennett:** What they have right now is on the small case applications, with full documentation; it is currently about 15 days. For a full review, with the average post time, it's about 80 days, which is a marked change from the seven, eight, nine, 10 months that we used to go through.

[8:45]

I'm not going to deny to this committee that there are some that take a great deal longer than that. But that depends on the circumstances. The Westinghouse, CGE, GSW matter took a great deal of time.

I think that we give full marks to the former Minister of Industry, Trade and



Commerce, Mr. Chretien, for having streamlined it. Now, Mr. Horner says he's not a real believer in FIRA, although he thinks it has a great place. He said today, at a meeting I was at, that he had not supported FIRA when it was implemented. He talked against FIRA.

An hon. member: That was when he was a Tory.

Hon. Mr. Bennett: That was when he was a Tory, that's right.

An hon. member: Funny how your mind changes when you change sides.

Hon. Mr. Bennett: I'm not going to get into that comment because there are some fellows I know on your side of the fence who are still—

Mr. Samis: Not that there is that much difference between Chretien and Horner on this one.

Hon. Mr. Bennett: No, I think that if my assessment of Horner is correct, Chretien streamlined it and Horner will try to take it even further to reduce the bureaucracy that's involved in the constant day to day—

Mr. Samis: It's emasculating.

Hon. Mr. Bennett: I don't know if he'll be emasculating it or not. I don't think he will.

We've a very good working relationship with other ministries. I am not going to deny that there are times, even when you have all these meetings, that some point gets by. I would say in 99.99 per cent of the cases the understanding between Natural Resources and my ministry, Transportation and my ministry or whatever else, or if it happens to be Environment—which we don't get along with always—we catch most of them.

But we have the Resources Development policy field where we are together on many of our problems. We have special meetings which relate to specific problems. I admit that the time of a minister, like that of a member, is sometimes occupied in frivolous things and unknown to us we sometimes pass up the important ones, but that happens to be the way of the political life.

But I do think that our relationship has been very good. Tourism has regular meetings with Natural Resources, Transportation and Communications; and now with Northern Affairs and Culture and Recreation, because those are the three or four that we—

Mr. Eakins: So you have interministry meetings of your deputies or—

Hon. Mr. Bennett: Oh yes, the deputies meet on a regular basis. All deputies. And then, policy field deputies meet as well on a

regular basis. So within the Ministry of Industry and Tourism, the tourism division has an on-going series of meetings with these other ministries and their personnel that relate to our program.

Mr. Wildman: I have some questions along the lines that Mr. Eakins was pursuing. I appreciate the minister's comments regarding Edwardsburgh, and also foreign investment. I'm a little concerned, though, about the relationship between the various ministries and about who is responsible for what, especially in regards to TEIGA as opposed to Industry and Tourism.

The minister's comments this evening regarding Edwardsburgh gave us a pretty good description of where he's at right now in regard to Edwardsburgh, and the problems he sees with developing such a site today, and the reasons for holding off, but I don't know whether he responded directly to the comments that I quoted on Friday in which he indicated that in 1975 at least and previous to the discussion on the estimates in 1975, he was opposed to the idea. I quoted those—I won't go through them again—but I was wondering who was responsible for the final decision?

Tonight you were talking about the planners. Planners in what ministry, in TEIGA? Who decided to go ahead with the land acquisition and the options? Which minister was responsible for that decision?

Hon. Mr. Bennett: Cabinet would be responsible for any decision.

Mr. Wildman: Certainly, but who brought it to cabinet?

Hon. Mr. Bennett: Policy and priorities brought it. I suppose, without getting back to history, because I'd have to read our minutes of last year to discuss this problem at great length, I can tell you that the situation hasn't changed. I said at the time that I was involved with John White who was, I suppose, the principal force in recommending to cabinet the acquisition of this particular land.

Mr. Wildman: And it was over your objection?

Hon. Mr. Bennett: I wasn't present at the time.

Mr. Samis: How about the future of it? Will it be decided with a greater involvement from your ministry? Will you be shut out again?

Hon. Mr. Bennett: What are you referring to as the future?

Mr. Samis: Usage.



Hon. Mr. Bennett: On this land?

Mr. Samis: Yes.

Hon. Mr. Bennett: We are the ones that are now being assigned the responsibility.

Mr. Samis: Did you ask for it or were you assigned it?

Hon. Mr. Bennett: I was assigned it.

Mr. Samis: Lovely. By the Treasurer?

Hon. Mr. Bennett: Oh, no, not the Treasurer. The Treasurer doesn't assign responsibilities. The Treasurer gets his assignments, too.

Mr. Samis: He created Edwardsburgh, John White did.

Hon. Mr. Bennett: As long as we keep track of which one we're talking about.

Mr. Samis: He was the goose that laid it.

Mr. Wildman: Traditionally it's been considered that the Treasurer is the principal planner as far as economics is concerned in the province. Can you shed some light on the relationship between your ministry and TEIGA when it comes to planning for economic development in slow growth areas? Who does what? Do they determine priorities and then you carry them out, or do you have input in determining the priorities? Is it a mutual thing? I'm just confused as to who is responsible for what in terms of something like an industrial development in an area such as eastern or northern Ontario.

Hon. Mr. Bennett: I'm not going to get into the past history of Edwardsburgh. We've been through it. There could have been a closer relationship with the Ministry of Industry and Tourism in making that determination. It was made by planners who were developing the strategies of industrial development in various regions of the province of Ontario.

Concerning parks, usually, the acquisition of lands, or whether we are going to get into major industrial developments, the ministry becomes very closely involved. We've been involved in the discussions that relate to Thunder Bay. We're involved in the discussions that are related to Sudbury. We're involved in the discussions that related to the one in Pembroke, which came under the regional priorities development budget.

Mr. Wildman: Those are municipal ones, though?

Hon. Mr. Bennett: Municipal? They're large tracts of land the government was considering acquiring.

Mr. Wildman: Did you say Thunder Bay is going ahead with one, or is that Sault Ste. Marie?

Hon. Mr. Bennett: Sault Ste. Marie.

Mr. Wildman: Sault Ste. Marie, that's what I thought.

Hon. Mr. Bennett: Sault Ste. Marie is going with Thunder Bay under the industrial development program under the NODC.

Mr. Wildman: I have one other specific question and then I want to get to your comments on investment and your missions across the world. I'm interested in the relationship of the ministry to the directorship of Minaki. Can you indicate what that relationship is and how Mr. Fahlgren could fly such a balloon? Would that involve discussion? I understand Mr. Boyer is a member of the board of directors. Would that involve discussion among the directors alone or discussion with your ministry or was that just an idea that Mr. Fahlgren came up with himself? You said that you thought that that was not correct. If you could elaborate on that a little I would appreciate it.

Hon. Mr. Bennett: I have no way of elaborating on what Mr. Fahlgren said or why he said it. I was in Japan at the time and I must admit, since I've been back in the country I've not talked to Mr. Fahlgren. Mr. Fahlgren made a statement as the president and, I understand, he regretted having made the statement.

Mr. Wildman: As soon as he talked to the Minister of Northern Affairs (Mr. Bernier) he regretted it, I'm sure.

Hon. Mr. Bennett: I don't know whether that was the case or not. I understand the situation came up at a general meeting of one of the travel associations or chambers of commerce in the north. It was a rambling discussion, I gather, and at some time or other he made the overture that the government would be prepared to virtually give Minaki away, which is not the case at all. I will say very clearly, as I said at public accounts committee back some months ago, if we have the right opportunity we could very well step back from our loan, or our investment, for a period of time. Now whether Mr. Fahlgren was relating to that, I don't know. I am not going to try and interpret what Mr. Fahlgren said.

I just know this much. We have no intention of the government giving Minaki away for \$1 to anyone. I will give you another assurance. It is still going to be some day a worthwhile investment in northwestern Ontario.

We can go back, if I may just call on history for a moment. Jasper was supposed

to be a terrible thing for anybody to get involved in 25 years ago. It was a money loser. Today with the CNR, it is one of the best profit-making operations they have.

I am not saying Minaki is another Jasper, but I think it has some of the potential that Jasper has. If it's finished properly and promoted properly as a remote convention opportunity, and one for tourists, I think it can be successful.

Looking at the spinoff effect from Minaki, Mr. Martel asked me the other day what the direct employment would be. The direct employment, if we had a 200-room motel operation or whatever you wish to call it, with the facilities, would be a minimum of 250 people. We took the opportunity of saying that we would try and bring native people in to work at it and train them. Indeed, there would be a great spinoff into the community for laundry services, grocery services, and other motels, hotels and resorts that would also prosper as a result of the flow of traffic.

So, I am still committed. It would be very easy for me as a member for eastern Ontario and as the minister, to say, "Let's forget about Minaki and walk away from it." But as one minister, I feel a commitment to north-western Ontario. It has limited potential in some of its development, and tourism happens to be one of them. But, the onus is upon government. We may not like it as taxpayers across the province, but I think we do have a responsibility to try and do something to open up opportunities in that northern country, and this is one of them. I hope I can eventually convince my colleagues, when constraints are off, that we should proceed to finish Minaki.

Mr. Wildman: You are saying that you don't want to interpret what Mr. Fahlgren said. I understood he said that after spending \$8 million and the thousands of dollars it's costing per day to keep it closed now, it would be nonsense for the government to have invested that kind of money and then just forget about it. I think you probably agree with him on that point.

If that's the case, are you saying that Mr. Fahlgren just came up with this idea out of the blue? He didn't discuss it with the other directors? Or don't you know?

Hon. Mr. Bennett: That question, Mr. Chairman, I wouldn't even answer. I haven't talked to Mr. Fahlgren. I don't know where he came up with the idea, and I don't intend to sit here tonight and try and read the man's mind.

Mr. Wildman: You said that after constraints, you hope the government will go ahead with convention facilities and so on. What kind of investment are you talking about at this point, right now, not even taking inflation into account over the next few years? Are you looking at the figure Mr. Fahlgren used, which has been banded about, \$8 million to \$10 million more? Is that in the ball park?

Hon. Mr. Bennett: If I could come to a determination as to whether we want 150 or 200 rooms, then I could tell you how much money we are talking of. But, I suppose it's realistic to look at another \$8 million in today's figures. There is just no doubt about that in my mind.

Mr. Wildman: So you are about half way there now in your investment?

Hon. Mr. Bennett: Yes, except we must remember that of the moneys we have invested now, some goes to pay off a mortgage, and some of it has to pay off a lot of debts that have been incurred with a great number of small businessmen in Kenora and the surrounding communities. I have been asked on several occasions, "Why doesn't the government just pull the plug and say the heck with it and let it go bankrupt?"

Mr. Wildman: And you would have lost about \$5 million?

Hon. Mr. Bennett: The government's loss under NODC would have been somewhere less than \$1 million. There are about 29 or 30 small businessmen in Kenora and the surrounding communities who have gone in there and have been doing work on the feeling that government was financing it because there had been ODC loans prior to this. These people have gone down the path with the previous owner. All of a sudden, if you pull the plug, you have 29 or 30 small companies in trouble, and dear knows how many they would affect down the road. They would have all had to take in their shingles. The other thing is, of course, the lodge would have fallen back into 100 per cent American ownership, which I believe was the—

[9:00]

Mr. Wildman: But you're willing to look at foreign investors now.

Hon. Mr. Bennett: Now, just a moment. In the resort industry, one of the things that we have not been honouring is any applications for loans, because it is one of the areas in which we feel a certain reluctance to allow a take-over on a straight speculative position.



So we moved in and took it back into Canadian ownership. It would have fallen into 100 per cent American ownership.

I tell you frankly, as a person who has a fairly substantial degree of feeling for the small business community, I thought it was important to do that. Even if it cost the government some extra dollars over and above what we might have to pay the first mortgagee after it went bankrupt I felt that those small businessmen who had a false sense of security should be given some support and protection against complete failure. That was a costly decision. But I tell you, in the final analysis I think it was the one we had to make.

**Mr. Ziemba:** But that's not a policy you follow, though, is it?

**Hon. Mr. Bennett:** In this case, I think we did help to create a false impression of security by the fact that we had given substantial loans. Mind you, I will admit this, there was a great deal of talk in the community about an unlimited supply of funding coming in. But that was by somebody other than a government official. I am not going to get into that particular matter at this point.

**Mr. Ziemba:** But you can't bail out all the small businessmen who trust a company that deals with the government.

**Hon. Mr. Bennett:** I am not going to attempt to bail them all out. That's not what I am saying at all. But here was a very small, isolated community situation.

**Mr. Wildman:** You have had other situations. Take one example in my riding. There was the Champlain Forest Products with a \$500,000 loan; they went bankrupt. What did you do? You became the receivers and you sold off the assets, or at least are in the process of trying to sell off the assets to an American investor, as a matter of fact; and it a loss, a substantial loss.

Was it the experience at Minaki that prompted you to take the other tack in other situations?

**Hon. Mr. Bennett:** Mr. Chairman, I am not in a position—I'm not on ODC. I would have to look at the background.

**Mr. Wildman:** Well, we'll get to that.

**Hon. Mr. Bennett:** Let me make one other remark. Ontario is not alone at getting into escort operations. Governments in a great number of the provinces across Canada have seen into this particular project. There are two of them in New Brunswick, and the government doesn't operate either of them, according to my understanding; both of them

are leased out to operators. They were money losers at one time and today they are profitable. When I use the word "profitable," I am not sure whether they take into account capital investment.

Quebec has some and they are not making any money on them. Manitoba, as you know, has one; and it has cost them some money to run. But they have all been used as an incentive to try to create some flow of traffic into particular communities or areas of each province.

**Mr. Wildman:** To get clear exactly what you said you were looking at right now: You are willing to look at whatever proposals the private sector may have, and that includes foreign investment, or a partnership with the government, or whatever. But that does include foreign investment; that's one of your options, isn't it?

**Hon. Mr. Bennett:** I suppose it is, at this moment. I am not saying that we would be mesmerized into giving it back, or taking it out—

**Mr. Wildman:** Originally, you took it over to try to avoid it going into foreign hands.

**Hon. Mr. Bennett:** That's correct. Since then I have listened to the complaints and comments that we should be out of this business. As you know, I am a right-winger and I don't believe governments should be in any business, so we have a great difference of opinion right there, Mr. Wildman. But let's start at that. I think we should be out of every business. It would be great to sell off Air Canada and a few other things.

**An hon. member:** How about the Post Office?

**Hon. Mr. Bennett:** Well, that is not a business, but a service that is rendered on a slightly different basis.

**An hon. member:** What about Hydro? It sounds as if you're doing a flip-flop.

**Hon. Mr. Bennett:** Not a flip-flop. Hydro is a service, too. It's a utility. It's virtually impossible not to have it under public ownership.

**Mr. Wildman:** Mr. Chairman, if I could just ask my other question, then I can open it to other members who may want to comment.

You mentioned your investment missions in the last couple of years, and then in your discussions on FIRA with Mr. Eakins you talked about the numbers of applications that may have resulted from your visit to the United Kingdom and to West Germany last year. I'd be interested if you could tell me the number of applications and the resulting



investment opportunities. You talked, I think, about 165, I'm not sure if I got that figure right, since that time, of inquiries or possibilities. How many of those are actually new investments in new firms or how many of them are takeovers of Canadian firms, Ontario firms?

**Hon. Mr. Bennett:** When we get to that vote, I'll have the executive director here to go into that.

**Mr. Wildman:** FIRA would know.

**Hon. Mr. Bennett:** Are you talking about FIRA or are you talking about new investment?

**Mr. Wildman:** You talked about a number of new investments—

**Hon. Mr. Bennett:** I've got 165 new companies that came in.

**Mr. Wildman:** Okay. What I'm concerned about is, are those new investments into new fields or are they—

**Hon. Mr. Bennett:** New investments.

**Mr. Wildman:** Does that include investments which are takeovers of firms that are already in existence in Ontario?

**Hon. Mr. Bennett:** No, let me put it in two phrases for you: acquisitions—that's taking over companies that are in Ontario up until June 30 of this year, with 293 applications; and new investments—new industries was 232.

**Mr. Wildman:** So some of them overlap then?

**Hon. Mr. Bennett:** No, no.

**Mr. Wildman:** They're separate, okay.

**Hon. Mr. Bennett:** They're separate, entirely separate.

**Mr. Wildman:** The other thing is that in your trips abroad to attract foreign investment, you pointed out that one of the advantages you saw in the fact that multinationals operate here, besides the production of new products and the production of jobs, was that they tended to bring a high technology into the province. One of the things I talked about at length on Friday was the fact of the lack of development or research and development in Canada and Ontario, and the fact that the Science Council of Canada is talking in terms of de-industrialization of Canada today.

Is it one of the problems that multinationals tend to send the technology into the province to their subsidiaries, to their branch plants, instead of very much innovation taking place here? That is, the tendency of a subsidiary is to import the technology, as you're saying, rather than to de-

velop new technology that could lead to further development in this province and perhaps the export of that technology to other areas?

**Hon. Mr. Bennett:** I will admit that with multinationals, a great deal of technology is brought in. But I will tell you that there are a number of companies, multinationals, where the technology is further exploited in this country and taken down the road to a better end product. IBM is one of them, where there has been development right within this country and IBM has been able to retain it as a Canadian-made product, and then became the exporter of it for the world market.

I can think of Xerox, for an example, which does a great deal of research and development in this country and has expanded. Some of the technology was brought in and is now used for Canadian purposes. We've now been able to take over certain world supply markets for Xerox.

There are a great number of other firms that are not multinationals that come in here with technology, on joint ventures and so on, and the Canadians add to that technology, upgrade it, improve it for better opportunities.

So while you're right about some of the multinationals bringing in their technology, no one can deny that—I don't say all of them, but you'd have to get into some pretty specifics. But a number of them have allowed us as Canadians to do some research and development and use that for even greater opportunity for Canadian production.

The fact remains, the Science Council is not wrong in its statistics. Whether they're exactly right or not I don't know. But I can say in a very general sort of a way, the amount of money spent on research and development in this country and in this province is not sufficient. But in a low economic period, I doubt if you're going to see a bigger percentage of gross product sales being diverted into research in technology at this time.

**Mr. Wildman:** The only other question I have is in regard to the missions abroad and your discussions with foreign companies and governments, regarding investment and trade. What position have you been taking in regard to the proposals by the Treasurer (Mr. McKeough) on the reduction of tariffs? Do you see this as the central part in your attempt to attract foreign investment and more trade to Canada and to Ontario specifically? What is your position and what has been your input into the GATT negotiations?

**Hon. Mr. Bennett:** First of all, we have been probably the principal ministry in relationship to input to GATT. The Treasurer has had some comments to make about the world moving closer and closer to a free trading situation. I would tell you that at this moment in world history most countries are becoming very protective, regardless of who they happen to be. Some of them tell a rather interesting story on new positions at GATT; then, while they give in to some degree in direct tariffs, the non-tariff positions become virtually impossible to work with.

**Mr. Wildman:** Especially a country like Japan.

**Hon. Mr. Bennett:** Japan isn't alone. The only thing is that she sets world standards for most of her products and others try to follow them. They figure that if it's good enough for her, it is good enough for the rest of us. The situation at the moment happens to be that it looks as if we are going to move towards the Swiss policy, which is that the higher tariffs will come down by a bigger percentage than the lower tariffs will.

We will have to have some rather heart-to-heart talks I am told—Mr. Horner was saying this today—with the United States, so that we don't trade away all of the opportunities. It's great to be the young lad in the school yard with a bag of marbles, but if you trade them all away, at the end of the day you can't play the game any longer. That is the one thing I fear in Canada, that we will find ourselves trading away and trading away and wanting to be the fellow on the white charger, the angel of the world with 24 million people—we're going to show the rest of the world how you make trade policies.

Sometimes I think we should be a little less aggressive in that area and not try to lead the world but try to be an observer of what some others are doing and, without being called protectionist, make sure there is a certain security of domestic market for Canadian producers so they can get on without even looking at the foreign opportunities.

**Mr. Wildman:** Do you then agree with the Treasurer's comments? I am especially concerned about the textile industry and what the results were of the sector analysis you have been doing in regard to the strengths of that industry. What would a reduction in tariffs do to that industry in Ontario?

Also, if you do agree with him, how does that square with the position you've taken recently that you thought it would be difficult to visualize exactly how a general reduction in tariffs would help our secondary

industry become competitive until there was a more equitable business climate in Canada?

**Mr. Samis:** He makes the point he wants to move towards freer trade.

**Mr. Wildman:** That's right.

**Mr. Samis:** As my colleague says, do you go along with that?

**Hon. Mr. Bennett:** Do we go along with it? We have to be realistic. Ontario is not going to set the tariff position of the world. We are not going to set Canada's tariff position, although we are going to have a very substantial input into what Canada is doing.

What I think Mr. McKeough was saying is that, regardless of how much resistance we might have had a year or two ago towards certain things, we now have to become very realistic. The world is moving in that direction. That's the direction they are moving in. There is no sense in being completely hostile to any changes, because you are not going to get your way; so you had better find some way of bartering or trading off some of those things for certain other areas that you want—rationalizing, as we say, the various industries.

I again repeat that 18 months ago there was an entirely different, very free attitude prevailing in the preliminary round of world GATT negotiations. In my travels this time I found there is a whole reassessment taking place. People see their markets being challenged by somebody else; they are thinking maybe they had better sit back for the moment to have a look at it again and see where they are going.

I have no doubts that eventually we are going to be forced into moving into a free trade situation—not completely; there will still be tariffs on a great number of things, but the level of tariffs will be reduced. The area I think Canadians and Americans are going to have to work at, if we give in to some force from some places, is the non-tariff programs that are in place. If they are not changed, let me tell you, there is not going to be any greater accessibility to world markets than there is today, regardless of what the actual tariff percentage happens to be.

[9:15]

**Mr. Wildman:** I certainly wouldn't disagree with you there, but it seems to me that because of the information which you've pointed out on a number of occasions, and which has been pointed out by many people, especially when you talk about the inefficiency of capital in some sectors of our economy and the fact that they've been



protected for quite a long time and that may have contributed to that. Perhaps rationalization would result from a reduction in tariffs but if you do it all at once they're going to collapse before the rationalizing.

**Hon. Mr. Bennett:** Of course one of the things that has to be discussed and which will be discussed is what we call "adjustment periods" which will take place and will be supported by government. In other words, we also realize that you cannot go from black to white in a tariff position, because they will just collapse, as you say, and so there will have to be adjustment periods worked in. How they will work I'm not sure but there will be discussions on those, and we have been assured by the federal agencies and by others in the financial circles.

Just to go back to your question on textiles: Tariffs are not a really big thing in textiles. We're talking about countries where wage rates are 12 cents an hour, or something like that. So it's wage rates that really start to determine the cost of the end product and the tariff is an insignificant factor.

The thing comes down to exactly what Chretien said some months ago: quotas. We may not like them, and I tell you the Philippines didn't like them and Hong Kong doesn't like them. The fact remains that there are 200,000 and some people in this country employed in that industry. If we let it be eroded by imports by some of these low-wage countries—as I said to Hong Kong, "You may not like it but we'll only let you import X number of goods. At least it keeps Canadians working and making money and some of them could be buying your products. But if the whole bottom falls out of it and we're not making any money, nobody is going to be buying your products in our country anyway."

**Mr. Wildman:** Then you don't see any serious difference between you and the Treasurer and what you're saying now and the comments he's made recently regarding tariffs and trade?

**Hon. Mr. Bennett:** The Premier is—The Treasurer is being very—

**Mr. Wildman:** Freudian slip there.

**Hon. Mr. Bennett:** No, it isn't. I guarantee you that.

**Mr. Wildman:** You're going to be quoted on that remark.

**Hon. Mr. Bennett:** No, just let me finish this. No, I don't think there's any great difference between Darcy's and my position. Darcy is saying, realistically, "this is the way things are happening in Canada and Ontario

might as well be ready to accept it by having an adjustment period built into it."

**Mr. Samis:** Obviously the textile industry is a problem. In Quebec, for example, Landry has opted for almost absolute protection, saying they can't adjust to this round of GATT and makes suggestions for prolonging it for another five years—buying time. Parizeau said the same thing for their industry. What are you suggesting as part of Ontario's strategy?

**Hon. Mr. Bennett:** I have already said that tariffs in the textile industry are not going to be the solution.

**Mr. Samis:** I know, but it is all part of an overall trade-off—

**Hon. Mr. Bennett:** No.

**Mr. Samis:** —tariffs, quotas, et cetera.

**Hon. Mr. Bennett:** No. Hold on a holy minute. Don't put tariffs and quotas under the same thing. Tariffs are set on the GATT round of negotiation; quotas are set by the government of the country in defence or protection of its industry.

**Mr. Samis:** But it's all part of an overall trade and economic policy with different nations. All I'm asking you is, what is your strategy, with your ministry, in terms of how this industry is going to fit in in Ontario's position?

**Hon. Mr. Bennett:** It's not a strategy. Strategy comes from another source entirely.

**Mr. Samis:** Okay, where do you see the textile industry fitting in if you look ahead five years down the road, after this round of GATT? What are you trying to do? Are you trying to save them as is?

**Hon. Mr. Bennett:** Yes.

**Mr. Samis:** Modify? Are you going to try and make special plans to reorient them with capital or what?

**Hon. Mr. Bennett:** I'm not sure that I am prepared to accept the fact that there's going to be reorientation of capital at this point. Very clearly, our feeling is that the industry should be protected against failure or loss. That comes for a number of reasons. We expressed them to Mr. Chretien and we will now be expressing them to Horner—we started last Wednesday in meeting with him. But the fact remains that the moment you lose your textile industry you're vulnerable to world conditions. In other words, prices can be changed in relationship to your ability to produce goods. So we have very clearly said to Chretien, the textile industry, the shoe industry, and we can mention two or three others—

**Mr. Wildman:** The textile cartel, you mean.



**Hon. Mr. Bennett:** Let's not get into the word "cartel." It has a—

**Mr. Chairman:** I'd like to remind the members that we're under vote 2201 and we've been straying away from the matter in hand and the vote in hand. We've covered practically everything under the ministry administration program.

**Mr. Samis:** I was asking him what his relationship was between his ministry and FEIGA. I would say that was—

**Mr. Chairman:** Yes, but you're also under industry and trade development program. We discussed Minaki and we discussed everything under the ministry activities.

**Mr. Wildman:** Just because it seems to be operating in relation to other ministries.

**Hon. Mr. Bennett:** No, no, no.

**Mr. Chairman:** As we get to the different votes, we can discuss it all you wish, but we're under 2201, ministry administration program.

**Hon. Mr. Bennett:** One final comment.

**Mr. Samis:** And one final question, too.

**Hon. Mr. Bennett:** It could be that textiles will not fall in the GATT negotiations. There is a strong possibility it will be removed from the general round.

**Mr. Samis:** On what basis?

**Hon. Mr. Bennett:** Because Canada will request it. We're not the only country that's having trouble. It doesn't matter what country. Japan is even in trouble with it, amazingly enough.

**Mr. Samis:** Vis-à-vis some of their competitors in Asia.

**Hon. Mr. Bennett:** That's correct—Korea, Taiwan. So there's a general feeling that it could be that textiles may not be included in the general round.

**Mr. Samis:** Could I ask you one final question? What sort of response have you got—

**Mr. Kerrio:** Now we went from one gentleman in the socialist party to another one, and we're not keeping any kind of direction here at all and I sort of object.

**Mr. Chairman:** Okay. Item 1 carried? Carried. Item 2.

**Some hon. members:** No.

**Mr. Kerrio:** We were just agreeing that that's where we were. The party over there hasn't had its say.

**Mr. Wildman:** The third party.

**Mr. Chairman:** I have no directive from the third party to speak. Just a minute now. Ministry administration program. We're going

to stay within the confines of vote 2201, okay?

**Mr. Wildman:** If you say so.

**Mr. Chairman:** All right. Mr. Kerrio.

**Mr. Kerrio:** In the overall ministry administration, my colleague brought up the question of interministerial dialogue. I would like to direct a question to the minister that would relate to dialogue between the ministry and those people across Ontario in Tourism and Industry. Are there channels open and does the ministry take, say, an aggressive position in finding out opinions from those people in the specific tourist areas and in those other areas? Is there a dialogue between the ministry and those people in the business?

**Hon. Mr. Bennett:** Are you talking about field workers?

**Mr. Kerrio:** Yes, yes. And real dialogue among people. For instance, in my particular area there are some of the most successful attractions on the continent now. It would augur well with the ministry, I would suggest to have people do a real study of these particular areas. How much involvement is there between the ministry and those entrepreneurs?

**Hon. Mr. Bennett:** First of all, of course, this comes under the tourism vote. We're talking about the administration from Toronto, or from the head administrator's office versus the specific area—

**Mr. Kerrio:** Do the people from head office perform this function that I'm asking about?

**Hon. Mr. Bennett:** Yes. We have one person in particular who is a co-ordinator with the 12 regional travel associations. In addition to that we have many tourism development officers, who work out in the field and who are posted in various places around the province, working again with the associations, again with the tourist operators themselves or with the smaller groups of tourist operators that exist. A direct relationship is established to answer some of their questions and to try and resolve some of their difficulties, whether it be a development loan or whatever.

**Mr. Kerrio:** We do have involvement in other areas with administration, in the sense of what you do in your expeditions overseas or in various areas throughout the province?

**Hon. Mr. Bennett:** Yes.

**Mr. Kerrio:** Individually? Is there any tie between those people and your main office on those junkets?

**Hon. Mr. Bennett:** We sponsor them. The groups that go on what we call the tourism trade missions, which are basically for charter purposes or package deals or whatever you wish to call them, are put together by the ministry. Their itinerary when they arrive and whatever country in the world it happens to be—Japan or Germany or England or France or whatever country it might be—is co-ordinated and the arrangements for their appointments and so on is made by the ministry personnel and by our tourism officers that serve in the various foreign operations of the ministry.

**Mr. Kerrio:** I am getting back to my main thrust now and that is: what kind of dialogue exists between the ministry's main office and what I consider real input available from the various people in industry and tourism throughout the province? I would like to satisfy myself that such an ongoing program is vital.

**Hon. Mr. Bennett:** I think there is a very direct input. Both here in Toronto, at the monthly meetings we have with the travel associations across the province, and with our tourist development officers out in the field, with the workmen at the transportation industries and those that serve it in the tourist field—the dialogue is rather extensive. Some of the suggestions they make we have entertained and implemented; some of them we have not because of costs.

**Mr. Kerrio:** The whole thrust is somehow on the moneys to be voted. That will come in another vote then. I will leave that.

**Hon. Mr. Bennett:** Yes, that comes down on vote 2204.

**Mr. Kerrio:** Yes. What I am concerned about is a reduction in money spent in those areas at a time when in all probability there should be more money being spent to encourage tourism and—

**Hon. Mr. Bennett:** Has Boyer been speaking to you too? He spoke to the member for Victoria-Haliburton (Mr. Eakins) I am sure, after his remarks on Friday. He must have spoken to you.

**Mr. Chairman:** Do you have any more comments, Mr. Kerrio?

**Mr. Kerrio:** I am disappointed that you are restricting us.

**Mr. Chairman:** I don't restrict anybody.

**Mr. Kerrio:** I have a whole page full of comments here.

**Mr. Chairman:** Yes, but under vote 2201?

**Mr. Kerrio:** They are as close as Minaki Lodge.

**Mr. Peterson:** Try one and see.

**Mr. Chairman:** We will get around to Minaki Lodge with vote 2203.

**Mr. Kerrio:** Should I try one and see?

**Mr. Peterson:** Try it out.

**Mr. Kerrio:** In that whole aspect of tourism as it relates to policy, and I imagine that goes right to the top, Mr. Minister, I am very concerned about the whole deficit position of tourism—some \$2 billion—as it relates to policy, to keep it on a very high plane and keep it in the main office.

**Hon. Mr. Bennett:** May I just say that the \$2 billion that you are referring to is the Canadian deficit?

**Mr. Kerrio:** Yes, Canadian. I would like to bring national unity into the picture here because I think it relates.

**Mr. Wildman:** That is the policy.

**Mr. Kerrio:** The reason that I brought up the first question, Mr. Minister, is the fact that with such a huge deficit, we have a problem that relates to these kinds of lines of communication opening up between the ministry and those people in the industry. I think you are familiar with Mr. John Hoeler in Niagara Falls Marineland which, in the last 10 years, probably has been one of the most successful ventures in America. That man does some \$700,000 worth of advertising. Coupled with some \$200,000 by the corporation and the tourist industry there, and some \$100,000 by the private entrepreneurs, we are looking at \$1 million worth of advertising out of that centre.

I am kind of pleased to tell you that, in view of your concern about keeping the dollars here in Canada, in that particular attraction he has 75 per cent Canadians. I imagine it is one of the few attractions that has been that successful in bringing those people into that area. That is why I broached the question in the first place, on the high office of administration and a liaison between such people and your office. He has had some input to me that seems valid that I can deal with from vote to vote but I thought that that was a good question in the initial stages as it relates to the overall policy of the ministry.

I will deal with it from vote to vote, but I thought that that was something that should be brought into focus—the fact that in this day and age when we are trying to entice Canadians to stay here, we have someone who has that expertise and it reflects in the kind of advertising he does. I lay that on the table for your appraisal and that of your ministry. As I said, there are other areas more



specific to the other votes that I'll bring in later on.

[9:30]

**Hon. Mr. Bennett:** We worked with the operator of Marineland on several of his projects. He's asked us for some help, but not financially. He's never once come to us for financial assistance, to the best of my knowledge, even in the times that I've been down to visit with him. In his operation, he's never asked about any financial support from the development corporation. We have supported him in our "What's On" brochure, for which he is very appreciative. You have to compliment a fellow like him. I wish there were more like him who are willing to take the gamble that he took and is continuing to take—because he hasn't stopped expanding, nor is he likely to stop expanding for some years to come.

But he's had a fairly close relationship with our ministry, discussions and analysis of some of his tenants at the park, long range projections as to what we think will happen in his type of operation. He has been interested in some of our studies relating to the motorist traffic and where it's coming from, the directions they're travelling in, and where they're spending the greatest amount of money. Some of that helps him in determining his thrust in advertising, I would gather. He's done an excellent job. I compliment him on the amount of money he's spent on advertising and on the effectiveness of his advertising. I just wish there were a few more around the province like him. I know he doesn't support another project of yours down there, Vince.

**Mr. Kerrio:** No. I'd like to bring that into perspective. It's not something I'm supporting, it's something I want to be certain has a very, very good study at this level. I think that's very important.

**An hon. member:** What is it?

**Mr. Kerrio:** It's a tramway that they're talking about building across the gorge—an investment of some \$20 million.

**Hon. Mr. Bennett:** Vince is picking up the first \$10 million.

**Mr. Wildman:** Why not a highwire?

**Mr. Kerrio:** It's going to be quite high. It will be about 250 feet above the water. It's parallel to the bridge, and close to it.

**Hon. Mr. Bennett:** Anyway, he's a great operator.

**Mr. Bounsall:** Mr. Chairman, I seem to be right on item 1 of main vote 2201, main office. This is a decision which I think the minister himself is going to have to take,

or certainly get behind it—what I'm going to talk about—or the staff intimately associated with him.

In early September, Mr. Minister, I attended a meeting, which all the Windsor MPs and MPPs also attended, with the downtown Windsor Business and Professional Association. The meeting dealt with the problems of trying to finance, and the reasonableness that Ontario should finance, a tourist kiosk in the Renaissance Centre. You've had some correspondence on this from the secretary-manager of that association, Barbara Kersey.

Their ideas for it initially started out as something to attract tourists to Windsor but their ideas were changing by the time they had the meeting. Certainly, it occurred to all of us that what they were talking about was something much more important than attracting tourists from Detroit to Windsor. What they originally proposed back in January was a sort of information office in the new Renaissance Centre in Detroit. I'm not sure whether you've seen that but it's a huge new combined hotel, apartment building, business office operation—

**Hon. Mr. Bennett:** It's near the Ford complex or the Edsel or whatever the hell they call it.

**Mr. Bounsall:** It's right in downtown Detroit. It's right on the river and right at the tunnel exit. They also have a shopping complex. It's got a fantastic attendance by tourists into the area, not just the number of people who go there to conventions. People are flocking in from all over to actually see the centre. It's the main attempt to revitalize the downtown Detroit area or, for those people who are still a little bit concerned about wandering around Detroit—it's getting much better—it is a complex they don't really have to leave; it's completely self-contained.

The important thing there is that if there is one place that Ontario should have an information centre outside Ontario it's there, because the number of people who visit daily from Detroit, Michigan, from out of state and from overseas presents a tremendous opportunity for us to attract people over. We have our other travel information centres but that is for people who have already got into Ontario rather than at that particular complex. It's unique; we don't have a city as big as Detroit on our borders of Ontario nor do we have a centre such as this anywhere on the borders of Ontario.

They started out last January thinking of an information booth. But in talking over



there and amongst themselves a much cheaper situation really emerges. They talked about a booth that might cost about \$2,700 a month. I think the salaries were a bit low but the office rent was high and that type of manning was high and some of their capital stuff was a little high.

It had been suggested to them that what would work best would be a manned kiosk probably somewhere near the main entrance-way out in the centre, a rather small establishment but rather an important one, I think, in terms of getting the information across. This can be done in a small-floor-space area but we could still get the information across about Windsor, Essex county, Ontario and Canada.

They have real problems finding any funds for it, except through a ministry like yours. The downtown businessmen's association can't finance anything that would be as small as that and neither can the city of Windsor. But the benefits go far beyond that; it's a unique development, right on our border, right next to the tunnel. I can envisage quite clearly people coming over for a day and then going on from there. At the end of a convention, instead of spending another four days of their holidays somewhere else, they would wander off into Ontario on the strength of what they've seen there and what perhaps they might see in dropping over for half a day in Windsor. Of course, any tourist dollars into Windsor still help to affect the whole Ontario economy because of the spinoff.

I think we have reached the point where your ministry has to come in on it. The staff down there in your ministry has said, "We have all supported you in documentation which we've sent up. It remains with your members to speak directly to the minister on it."

You wrote a letter to Barbara Kersey in mid-July in which you say, in essence, that the maintenance of your existing travelling information centre is your prime responsibility. But how do you get them into the country? I can see that you don't want to downgrade the other centres you have in Windsor, for example, once they are there or any place across the province. But this is a rather unique development.

I've not seen anything like it in the way of one self-contained building where tremendous numbers of people come. Thousands from Detroit live and work there all the time. But it is really geared, I would think, at visitors. Some come from Detroit as well—it is still a main attraction centre in itself for the local residents and Windsor

residents—but there are visitors from out of Detroit and out of state. I think for a very small outlay in monthly operating cost we could reap a tremendous return from there.

Looking at the whole thing and talking among ourselves—the local people, some from the council and the federal and provincial MPPs—it clearly shook down in all of our minds that the ministry that really should be involved was, primarily, the Ontario one because of the spinoff effects for Ontario.

**Hon. Mr. Bennett:** First of all, Mr. Chairman, let me make very clear the position of the Ministry of Industry and Tourism. We have been after the federal government of Canada—the Canadian Government Office of Travel—to do more and more in the American market, to allow the Canadian provinces to divert more and more of their money into domestic promotion, that is, of Canada. This is a situation where the federal government is already in Detroit; it has an office in Detroit.

**Mr. Bounsall:** They have an office, but, relative to this opportunity, in the wrong spot.

**Hon. Mr. Bennett:** That is fine. I think the pressure has to be brought on them. There is no sense in us starting to set up a second house. There is another \$50,000, \$60,000, or \$70,000 or more. I don't know what it would be. I would have to go back and do an analysis of it, because you are likely talking about something like \$70,000 to \$75,000 in the annual rate spent. I already have two offices down in Windsor and I think I have to be somewhat realistic in my expenditures in that marketplace.

I suppose the pressure really should be, if we are to succeed in the point that we are making with the federal government—and we are making some headway—that they look after more and more of the American market and we will look after more and more of the Canadian market. This is a place where they could be helped. I don't know how far your meeting got with the federal people.

**Mr. Bounsall:** Prior to that meeting they had checked, and the report from the federal members was that they had this office in Detroit, they liked their office in Detroit, and that was what they were going to do and sort of "no more." That is unfortunate, because their office is not where the people are. The Renaissance Centre is where they are.

I appreciate your point about not raiding the other facilities in Windsor or any place

else in Ontario, but they are already in Windsor, they are already in Ontario. They are already coming through Windsor and heading to some place else in Ontario when they use those facilities. This is a question of getting them into Ontario and spending time in Ontario, an opportunity which I think is tremendously unique. You are really saying that you don't like to go into it on your own?

**Hon. Mr. Bennett:** Right.

**Mr. Bounsall:** Would you give a commitment to work with the feds to see that it could be at least joint there, or to what I think would be a fairly simple concept, not a big establishment, something which is geared to getting people first of all across the border, and then your other facilities and the friendliness of Canadians could take it from there?

**Hon. Mr. Bennett:** I would be prepared to follow it further with our federal friends and see what the situation happens to be. I think that again we make it very clear that the more money you spend on offices, the less money you have to do any of the other promotional work.

**Mr. Bounsall:** Well, of course.

**Hon. Mr. Bennett:** I do not know what the attendance factor is.

**Mr. Bounsall:** I don't look at this as an office, though; that is the point.

**Hon. Mr. Bennett:** Okay. It is a static location, let us put it that way. I appreciate each tourism operation around the province has very interesting recommendations for me about what we should be doing and how we should be spending money. It is not too difficult, usually, to recommend some of these projects to a minister because it is one way of relieving oneself of the financial burden.

**Mr. Bounsall:** No, no.

**Hon. Mr. Bennett:** I am prepared to look at it. I am just telling you frankly that I am not in a position in which I can start opening offices in a great number of communities. I get some people who want me to open up offices right now in Montreal, Quebec. Hawkesbury Market thinks there is a great potential there for us. I can tell you that if I go into that market, I had better have some money in my pocket for rentals and some of the areas you would want to be in. It is going to be rather expensive. If I start that type of a program, I had better be prepared to entertain a number of locations in North America.

I followed up with my friends at the Canadian Government Office of Travel to see if they have been looking at it, and if they

have, what their views are and whether they are prepared to get involved. At this moment I am not prepared to make a financial commitment toward it. I just think, Mr. Bounsall, that it restricts other areas of tourism which I think are more important to pursue in this down-market position.

**Mr. Bounsall:** Although I am not a specialist in tourism, it strikes me as an opportunity to get the tourist into the province in the first place, something for which we don't have that great an opportunity, certainly not at any other centre like this.

**Hon. Mr. Bennett:** Right. I am not a specialist in tourism, either. I would have to take some professional advice on what would be the possibilities of taking people from the Renaissance Centre into Ontario, not knowing where their points of travel are, where they come from, how many of them are domestics to Detroit or surrounding Detroit—Dearborn and so on. These are facts that you would want to know before you came to any full conclusion.

[9:45]

**Mr. Bounsall:** Those figures are becoming available. I have figures for the general convention activity in Detroit as a whole. Most of the conventioners, no matter where they are in the city, are also visiting the Renaissance Centre while they are there, by the way. So roughly 500,000 with already-committed bookings for 1978 will be going, no matter where they're staying in Detroit, to the Renaissance Centre, from which, hopefully, we'll get exposure and give them an urge to come across to Ontario. The border entrance is very handy to the Renaissance Centre by the way. The tunnel is virtually right there, and there are tunnel buses, you see.

**Mr. B. Newman:** In fact the buses stop right there.

**Mr. Bounsall:** There are tunnel buses right there that bring them over.

**Hon. Mr. Bennett:** I appreciate your suggestion and I shall pursue it with our people.

**Mr. Williams:** Mr. Chairman, it seems to me that your travel might have much greater exposure to the touring public in Detroit if you had such a kiosk located in the convention centre down the street by the departure train, rather than in an office building, or conceivably even in—it's a mixed complex, I appreciate that. Part of it, as you say, is a hotel, office building and commercial facilities, but you have to concede that the convention centre is much more tourist-oriented than the office-hotel complex, and that's one of the major attractions to tourists coming to De-



troit, the use of the multi-purpose convention centre which, I think, is probably the largest in the northeastern United States. That's had the biggest success of any convention centre within 100 miles of the Canadian border.

You could even conceivably put the kiosk on top of the Kennedy Square garage, which is an eyesore and needs some landscaping, and is an ideal attraction for the tourists who are moving around in central downtown Detroit. That, too, is a block away from the convention centre, so there are other possibilities that might be better than what's being recommended by—

**Mr. Bounsall:** The member for Oriole is speaking of Cobo Hall. This is a much bigger and better enterprise, better attended than Cobo, much bigger.

**Mr. Chairman:** Mr. Williams, I don't want to cut you off, but I think Mr. Bounsall had the floor.

**Mr. Williams:** It was supplementary to what's being said. Our colleagues like to assist us in our deliberations, so I'm just reciprocating in kind.

**Mr. Bounsall:** I would just say to the member for Oriole: If you haven't been to the Renaissance Centre, go, because Cobo Hall is very small in comparison to it.

**Mr. Bolan:** My understanding is that for the past hour we have been discussing and debating vote 2201-1, and I really will astound you, Mr. Chairman, I'm sure, and every other member of this committee, by actually asking a question on it. It's right on that particular vote. I am not going to give you any speeches about the lack of tourism in northeastern Ontario, although we will touch on those items as we get along on the various votes.

The question I have relates to an item which may appear to be insignificant. It may appear to be small, but it sort of disturbs me when I see an increase of 100 per cent, in fact, about 132 per cent, in the estimate increase in one item alone, and that's transportation and communication. I realize the cost of transportation and communication is higher this year than it was last year. I realize you took a little trip to Japan and possibly you might be thinking of taking one someplace else next year. However, does it mean that there are more people within the main office travelling? To what do you attribute that high increase of 132 per cent?

**Mr. Ritchie:** We transferred an employee who was looking after Southeast Asia and this is an increase of transportation plus the

foreign services allowances that fall into there.

**Mr. Wildman:** Does that include moving his personal effects?

**Mr. Ritchie:** No. Some is included for that, but it was relatively small. The bulk is travelling from Tokyo through Hong Kong, Singapore, Manila, the whole of southeast Asia. This is an increase in transportation. The money for both his salary and that was moved from the old trade division vote.

**Mr. Bolan:** I see. Is there a significant reduction in the budget or the estimate from the department from which he has moved? You see, you are increasing the estimates of one, and your justification for it—and quite soundly so—is that he is added to this particular account, or this particular vote, which means that the cost of moving this man around is shifted to there as well. Do you have a significant reduction in the account or the vote from which he's transferred?

**Mr. Ritchie:** On January 1 of this year there was a general realignment of the ministry; we brought the industry and trade divisions together. You say, "Where precisely has the money come from?" In general, the money is lower in the combined industry and trade than elsewhere in the ministry. Transportation and communication—in total, across the whole of the ministry—is slightly less than it was the previous year because there were constraints placed on the ministry and brought down to that level.

**Mr. Eakins:** Perhaps that was the minister's new car.

**Mr. B. Newman:** You use a moped, don't you?

**Mr. Bolan:** That may be the case for this particular vote, Mr. Minister, but instead of asking the same question for all of the other votes, I would point out that I also notice a similar increase in percentage in the other votes, except for vote 2201-5. In other words, on 2201-2 you've got close to a 100 per cent increase; on 2201-3 you have a 15 per cent increase; and on 2201-4 you have a 100 per cent increase. Again, they're small amounts of money but—

**Hon. Mr. Bennett:** You're talking about these going up?

**Mr. Bolan:** That's right.

**Hon. Mr. Bennett:** You take the salary aspect of the loan and you remove that—the percentage of increase—in some cases; in others it's a minus position. You take out what is built into those salary adjustments—and that is something which you and I have so little say about any more.



**Mr. B. Newman:** That's not what the definition in the book says about transportation and communication.

**Hon. Mr. Bennett:** You're talking about the general bulletin, I take it?

**Mr. Bolan:** No, no—relating to transportation and communication. On each one of those items, except 2201-5, you have a substantial increase in transportation and communication. Now, you've given me what I consider to be a sound explanation on 2201-1. Again, we're not dealing with large sums of money; what we're dealing with is a significant increase in the expenditure allocated for these particular budget items.

**Mr. Ritchie:** Transportation and communication doesn't just cover travel; this covers telephones, telex and postage which had a significant increase this year.

**Mr. Bolan:** But not 100 per cent. None of the items relating to transportation or communication, either telephonic or the services of the Postmaster General, went up by 100 per cent.

**Mr. Ritchie:** If you would look at the direct operating expenditures for the whole of the ministry—this includes transportation and communication services, supplies and equipment, because you'll see in various areas where there have been reductions—the total for the ministry has been decreased by one per cent. With the realignment, money has been moved as people were transferred to various areas.

**Mr. Ritchie:** It's on page three of the funds summary.

**Mr. Bolan:** Don't you feel, Mr. Minister, that lots of these items should not be charged under transportation and communication? Your definition of transportation and communication—this is on R142—and includes travelling expenses of public servants on government business and recipients of government services such as wards of the province. Also included are relocation expenses of public servants who are transferred, expenses of moving office furniture and equipment and cost of transportation of goods other than for initial delivery. It includes mailing costs such as postage and registration, communication costs such as telephone, telegrams and data communications. Under that broad definition of transportation and communication, surely you are not involved with transferring wards of the province.

**Mr. Ritchie:** This ministry is not.

**Mr. Bolan:** What fits into your category? What fits into your ministry with respect to transportation and communication?

**Mr. Ritchie:** From your list we do not have wards of the province—which stands out there.

**Mr. Bolan:** I would hope not.

**Mr. Ritchie:** We have travel of civil servants. I'm speaking generally of the ministry as a whole here, not this specific vote we are on. We don't have travel in the vote we are on, of members of trade missions or tourist development missions or that. You will find those in the industry and trade—

**Mr. Bolan:** That's in another vote.

**Mr. Ritchie:** That's right. You will find in here mailing. In the supply and office services, which has a relatively large increase—\$15,000—they pick up the general mailing costs of the ministry where they are not charged back. For instance, a tourism bulk mailing that you would get to the travel agents and tour promotion operators and that would be a charge back to tourism. You would find the costs in their vote. But this would be the sort of general mailing that goes out through our mail room, letters to MPPs or to other people from the whole of the ministry. Those aren't charged back because it would be costing more to handle the journal vouchers than the cost of the stamps.

There are telex charges in here. We operate a very large telex operation because there are world-wide offices and you have costs in there. In here, excluding the main office itself, there is very little travel amongst the other votes of what you would call civil servant travel.

The audit people probably do most of it because they have to audit the travel associations and the various offices around the province but the supply and office service people do not do civil servant travel. Also in this particular vote there would be very little employee moving costs. This year I can't think of any money that was put in there for employee moving costs.

**Mr. Eakins:** Could I ask just one question now? Where does advertising come in? You are responsible for advertising for the various ministries.

**Mr. Ritchie:** It comes under services.

**Mr. Eakins:** What vote is that?

**Mr. Ritchie:** There is a very large advertising program that is handled by the information services people, but the money for that is spread through the various ministries that participate in the program. There's no money in our vote to handle the advertising program.

**Mr. Eakins:** You have information services here, no. 5.

**Mr. Ritchie:** That's right.

**Mr. Eakins:** What does that include?

**Mr. Wildman:** A total of \$901,000, this year

**Mr. Ritchie:** Nine hundred and one thousand, yes. Under services in the information services section of this vote, the breakdown is \$30,000 provided for temporary help, \$2,000 for conferences, \$13,000 for consultants, \$3,000 for insurance which is a charge back from Government Services of the insurance program, \$19,000 for freelance work—article writing and this sort of thing, \$16,000 for photographic services and \$3,000 for staff training, making a total of \$104,000.

The program you mentioned is what they call the Ontario 20 program. That would not show in our estimates. It would show in each of the ministries that participate.

[10:00]

**Mr. Eakins:** You administer it.

**Mr. Ritchie:** We administer it for all the ministries because it is a shared program.

**Mr. Eakins:** You are responsible for placing the advertising.

**Mr. Ritchie:** That is right.

**Mr. Eakins:** It is apportioned out to the various ministries.

**Mr. Ritchie:** That is right, depending on their share under the program.

**Mr. Kerrio:** On the subject of funding, if I may ask a quick question, the total vote is down to \$58.4 million for 1977-78. On item 2201, ministry administration, the amount to be voted is \$3,230,000.

**Mr. Ritchie:** That is the estimate. The additional \$18,000 is the minister's salary.

**Mr. Kerrio:** The question is, in face of the whole ministry program being reduced considerably, we have the ministry administration program up considerably. Is there a reason for that? In other words, if we are cutting back we are cutting it from the wrong end of the hog.

**Hon. Mr. Bennett:** You are talking about \$3,230,000 and why it is up. Part of it comes back to the fact that we transferred one of the senior people into the South Pacific market, excluding Tokyo. In other words, he operates in all areas other than Tokyo—the Philippines, Hong Kong, Singapore and so on.

**Mr. Kerrio:** Is that the difference?

**Hon. Mr. Bennett:** His costs are about \$100,000 by the time you get them together. Then in financial services there is about \$82,000 for salaries and benefits due to salary awards. In supply and office services, we have \$92,000 in salaries. In personnel we have another \$31,000 in the salaries and benefits due to salary awards. In information

we have \$87,000 and in audit services \$23,000. If you take those, you account for a very substantial portion of the differences we are talking about.

**Mr. Eakins:** If I might just add to that the administration program has increased while the development programs of both tourism and industry and trade have experienced decreases.

**Hon. Mr. Bennett:** Let me keep them in perspective. They have increased because of some changes in the realignment of the ministry. I will admit, NODC, ODC and EODC have decreased. That is a straight fact of what is happening in the market place.

**Mr. Bolan:** That is the hard justification for it though. Where it should come out most, which is in the development of tourism and industry, you are down and you are down substantially in dollars and cents. In northern Ontario alone you are down some \$5 million. We are talking about capital investment. We are talking about trying to do something to get things back on the track but you are doing it in reverse.

**Hon. Mr. Bennett:** No.

**Mr. Bolan:** What you are doing is reducing the development programs of tourism and industry while, by the same token, your administrative costs are going up.

**Hon. Mr. Bennett:** Let us come down to the analysis and look at ODC and NODC policy. The fact is that when you say we are reducing the number of capital funds going into the province, we are the lender of last resort. Applications are made by individual for funding, by NODC in your particular case. The number of applications we have had, even with the programs that we have gone out and tried to initiate, have not materialized for obvious economic reasons.

**Mr. Bolan:** Because there are not enough of them?

**Hon. Mr. Bennett:** No, because the return at the moment and so on are just not what they would want.

**Mr. Bolan:** In other words, they do not suit your criteria, is that right?

**Hon. Mr. Bennett:** We have handled a bigger percentage of loans on application than we have ever handled. I cannot say to you as a businessman, whether the deal is good or bad that you should be making an application for ODC funds. Again I repeat we are the lender of last resort. You are going to come in if you think there is some practical opportunity for your investment surviving. The other thing that happens is that in a down market—



**Mr. Bolan:** The fact is we're not finding that.

**Hon. Mr. Bennett:** We're not finding it?

**Mr. Bolan:** Right, what you're saying is that it's not practical.

**Hon. Mr. Bennett:** No, it's not what I'm saying at all.

Just as long as we keep clearly in mind that we're the lender of last resort. If you want that to change and we become the lender, period, of the province, that changes the whole complexion of the subject. We are, at the moment, the lender of last resort. In other words, if you can borrow money from somebody else in the free market system, you do so, before we become involved.

What we're saying is that there has not been as many people looking to invest money at this time as we've had in past years. Let me go one step further than that. The cost of administering loans today is higher than it was back in the days when money was easily come by. The cost of administration—in advice and guidance to those who have loans, and pursuing them for collection, and pursuing them to see how they're making out and to see where else we can help them—is higher today than it was in markets, let's say three, four or five years ago.

It is not our intention to cut back. If we needed an extra \$5 million in northern Ontario, eastern Ontario, or in this part of Ontario in the development corporation, it's one of the corporations that I think would have very little trouble in getting cabinet approval to grant it that extra money.

**Mr. Bolan:** Very well, we'll get to those votes.

**Hon. Mr. Bennett:** That's correct.

**Mr. Ziemba:** Mr. Chairman, I'm going to offer you a very constructive suggestion. As you know, High Park, my riding of High Park-Swansea boasts one of the main tourist attractions in Metro—that's the 400 acres of unspoiled beauty that is High Park. There's a problem there. We have upwards of 50,000 people a week dropping in on High Park in the summer months who make use of Grenadier Pond—boating, canoeing, whatever. In the winter time there is cross-country skiing—there are all kinds of activities. Yet the only restaurant facility is the Grenadier restaurant.

This restaurant was operated for about 20 years by General Foods but around 1973 the citizens of the area were upset at the prices that General Foods was charging and at the way the restaurant facilities were being operated. They protested to the city authorities and General Foods' lease wasn't renewed. They pulled out.

I guess because they were spiteful about not getting their lease renewed—it was a good lease; they were paying rent based on seven per cent of the volume of business they were doing, so they couldn't lose—General Foods ended up tearing out all the fixtures and leaving the water turned on in the middle of winter with the heat off. The pipes froze and the building was, in fact, destroyed.

The city couldn't re-rent it to anyone else. They tried to bring in other entrepreneurs and no one was prepared to put up the money that it would take to put the building back into shape. Someone suggested, and the city thought it might be a good idea, that it be operated as a multicultural centre, with the city putting up the money to fix up the facilities and then renting out the concessions to various ethnic groups who could have their own speciality. Being in west Toronto, with the many ethnic groups there, it might be a real tourist attraction. But with the tight restraints, they just didn't have the money to pull that off.

It's been in limbo since 1973, boarded up. One small part of it is used to serve hot dogs and hamburgers. I get a number of complaints from senior citizen groups that are bused there every day, thinking that this is still the Grenadier Restaurant that the Queen visited on her 1961 visit—I guess—and left some silverware.

I really resent General Foods destroying that building. They removed the silverware the Queen left as a souvenir of her visit, as well as the carpeting from the floor and the shelving, and everything else. If anyone is ever considering renting to General Foods, they are the worst tenants. They just can't be trusted. I can verify that.

What I want to suggest to you, Mr. Minister, under this vote, is if you could see your way clear to send one of your advisers to meet with the city officials to keep this facility from falling into the hands of someone like McDonald's. That's what eventually is going to happen. I'm not against McDonald's—we brought up a family on McDonald's food; I'm sorry about that—but if we're asking people to come to Toronto from the United States and other places to see what we have to offer, I think we should have something more than McDonald's or Harvey's or Colonel Sanders.

So, my question to you, Mr. Minister, is would you, in the coming year, consider meeting with the city authorities with regard to getting this restaurant back on the rails to provide the badly-needed service to people who visit this fantastic tourist draw?



**Hon. Mr. Bennett:** I have no objection to listening to the requests of people in the ministry and meeting with municipal officials as long as it's with the understanding that I'm not getting involved in the financing of a new restaurant in Grenadier Pond.

**Mr. Ziemba:** It won't cost you as much as Minaki Lodge.

**Hon. Mr. Bennett:** I couldn't care less what it costs. I'm not getting involved in building a restaurant in a municipally-owned park. Experience is a great teacher let me tell you. That doesn't mean to say that Minaki hasn't been that—

**Mr. Germa:** Maybe it's incompetence.

**Hon. Mr. Bennett:** No, it's not incompetence. I'll leave you to make the decision because, regardless of what it is, we're not likely to agree, anyway. But the fact remains that we'd be glad to meet with some of your people on the Grenadier Pond. I'm not sure what we can do for them but it won't be to put any money into it.

**Mr. Ziemba:** Well, they need \$250,000 and that's exactly what I'm asking for.

**Hon. Mr. Bennett:** I can give you a quick answer. The chances are no.

**Mr. Ziemba:** Thank you.

**Mr. Grande:** One million dollars more for Minaki.

**Hon. Mr. Bennett:** There's one way they can do it. They can lease it out and have somebody come in as a private operator with a long-term lease—I mean a long-term lease—and he could show the viability of it as a tourist attraction—not one that serves the ethnic community in Grenadier Park because if that's the case then it does become the municipality's responsibility. If he could show that it had some practical application to the tourist industry he could very well, maybe, qualify for a tourist development loan. There again, he'll have to prove it.

Down in Windsor we have one fellow who's renting some land from the municipality for a marina, and this qualifies. But the long-term lease, the practicalities of it and so on are taken into account. But as a straight loan to the municipality—the answer is very, very quickly, no.

**Mr. Ziemba:** So in a way, the municipality could qualify for the loan. They don't want it to get into the enterpriser's hands.

**Hon. Mr. Bennett:** No. None.

**Mr. Peterson:** I'm curious. Is this bulletin something new?

**Hon. Mr. Bennett:** No, it has been going out for some time.

**Mr. Peterson:** Why didn't we get that?

**Hon. Mr. Bennett:** That's a good question, David. I would have thought that you as an importer would have received it by now.

**Mr. Peterson:** I've never seen that.

**Hon. Mr. Bennett:** It's been going out for some time. Your chambers of commerce get it and about 1,500 copies a month are supplied to industrial people in the province.

**Mr. Peterson:** Why don't you give it to the members?

**Hon. Mr. Bennett:** You know why we don't give it to the members? I'll tell you one reason. It's because we get letters from members telling us they get too much bumph. But if you'd like it, we can send it out. There is no sense in sending it out to 125 people if 123 of them throw it in the basket, because it's not going to do much for the creation of opportunities by being there, other than the scrap paper market. But I'd be glad to send them out. Mr. McDonald is writing your name down right now.

**Mr. Peterson:** This catches my eye—what's the current status of the Leopard Tank Offset Program?

**Hon. Mr. Bennett:** The Leopard Tank Offset Program is one that I had the chance to visit while I was in Germany. I think we're doing relatively well. As you know, there's a 40 per cent offset situation with a 30 per cent optional. At the moment they're ahead of their position.

**Mr. Peterson:** What are they shopping for?

**An hon. member:** Wheels.

**Hon. Mr. Bennett:** No, they're shopping for things that are not likely components of the Leopard Tank, obviously, but for other component parts.

**Mr. Peterson:** Not necessarily related to Leopard Tank?

**Hon. Mr. Bennett:** No. Not necessarily. It doesn't have to be.

**Mr. Peterson:** We have no input into the technology of that tank?

**Hon. Mr. Bennett:** No. That tank's been under design for some time, David. It's been developed and modified for various countries. In other words, our tank is very different to the tank that they're building for the Netherlands. Our price is about \$800,000 a unit; the Netherlands is about \$3 million a unit.

[10:15]

**Mr. Peterson:** Did you have any negotiations with the federal government on this one?

**Hon. Mr. Bennett:** Yes, quite close.

**Mr. Peterson:** Why wouldn't you insist on some technology here? The reason I brought this up is that I just saw it right here. Why wouldn't you insist—using your good offices here—that we have some technological component into that machine as, for example, the communications devices through Northern Telecom or some indigenous kind of technology that we have here in abundance?

**Hon. Mr. Bennett:** Your question may be well placed. I would have to take it up with the federal authorities. The contract has been with them. I can only say that we have had an overseer from the military services of Canada on site, in relation to its overall technology and development and its application for Canadian use. The contract—according to my understanding at the time the offset was agreed to—did not have to relate to either the tanks or the airplanes that we're in the process of purchasing.

**Mr. Peterson:** That is my understanding too. I'm sorry to tell you that I don't like my understanding of the whole situation. I certainly don't blame you; it is essentially a federal problem.

**Hon. Mr. Bennett:** And it's a NATO problem—to go one step further.

**Mr. Peterson:** My suggestion is this: The potential types of manufacturing that could go into an item like this are based in Ontario and Quebec.

**Hon. Mr. Bennett:** Let me get this clear. I'm not sure whether I'm following you. Are you relating to the actual technology and design and development of the unit or to the supply of some of the technical equipment for the unit?

**Mr. Peterson:** My point is that I think we should be contracting on some of the technical equipment going into that unit. They are coming back with a shopping list of 30 to 40 per cent.

**Hon. Mr. Bennett:** There is a 40 per cent compulsory and a 30 per cent optional.

**Mr. Peterson:** Am I wrong? It is something like a \$260 million contract versus and they are going to come back with something like \$60 million or \$80 million?

**Mr. York:** Sixty million dollars in the offset program.

**Mr. Peterson:** It was a net loss to this country, in terms of foreign exchange, of something like \$180 million. My numbers aren't very accurate, but it's approximately that.

**Hon. Mr. Bennett:** I haven't got the exact amount.

**Mr. Peterson:** It's around that amount of money. I am not very happy with that.

**Hon. Mr. Bennett:** Well, you know, you may not be very happy about it and, I suppose, none of us should be very happy about it. But when you buy products under a NATO arrangement I don't know how you get 100 per cent. I really don't because there are many people involved in this program, as you can appreciate.

**Mr. Peterson:** I am very much aware of the complexities, but I am also very much aware of our problems which happen to be my first concern. I am saying this as constructively as I can to you, Mr. Minister. You should use your good offices to shove the feds as hard as you can for a much better reciprocity on this instrument, and I use this only as an example. I think the big one facing you is the fighter plane issue.

**Hon. Mr. Bennett:** That is correct—a billion dollars.

**Mr. Peterson:** This is the biggest issue facing you right now. I say to you that you should be bargaining hard, you should be as tough as hell and should be fighting for an extraordinarily high component, not only of assembly-type jobs because that is one of the failures of our automotive business, indeed, of so many businesses here; we've become assemblers after the fact. I would say to you, fight hard for this province to put some technological input into the program.

As I said, there are certain areas here where we are in a position to make some meaningful input. The interesting thing about this is that if you could nail a contract—for example, let's use the Leopard tank—for the communications equipment in that tank. Just supposing you could get that contract. There is a chance that you could also get the stuff for the Netherlands tanks and various other contracts around the world. I'm saying that may be the avenue into the European market for some product that we can supply.

I use that only as a microcosm of the problems that are so serious for us. And I say to you, as respectfully as I can, I don't think Ontario has been tough enough; and I certainly don't think it is exclusively your problem. The feds are very major offenders, in my opinion. But I think you should really be as tough as hell on this particular one. I would really hope that there is a very high degree of liaison.

**Hon. Mr. Bennett:** Okay. We hung in very strongly on the whole problem of reciprocity or the trade-off situation—offset purchases. We were involved in some preliminary negotiations, even though we were obviously not at



the bargaining table. Ontario has taken the initiative. To say to Krauss-Maffei, for example, "There are certain things that you are importing or you are required to import to finish whatever products you're making." Back in September, we brought together 210 industrialists from the province, along with Krauss-Maffei people and a number of others from Germany that are related to the offset purchasing problem, and presented them with the expertise and the technology we had in Canada relating to some of the parts and things that they're going to need.

From that we had 40 major plant visits by German industrialists. When I was in Germany and talked with the Krauss-Maffei people and some of the other industrialists in Germany relating to this very program, I was given a fair degree of confidence that they would be signing some meaningful contracts. The thing that pleased me about the discussions was that they weren't only looking at it for the period of time of this offset requirement of \$60 million plus another 30 per cent, or whatever it might be.

**Mr. Peterson:** Possibly.

**Hon. Mr. Bennett:** Their feeling has been that some of the things they saw in Ontario are products that they can continue to buy for a longer period of time than the offset situation. I fully buy your request of us to press the federal government for the technology items that can go into the tank. I don't know how far the government has gone at this point. I know our people in Germany and here are both pressed for certain opportunities.

**Mr. Peterson:** When the federal government is laying out some \$260 odd million or whatever, it puts them in the driver's seat. Who negotiated this? I gather Goyer negotiated this originally. When he goes over there and says, "Okay, we're going to sign a purchase order for \$260 million," I would—

**Mr. York:** It is \$150 million, sir, if I might point out, 40 per cent of which is \$60 million.

**Mr. Peterson:** Sorry, I'm off on it, but I don't think it interferes with my point. You're in the driver's seat when you're writing the cheques for these kinds of things. What I would be doing if I were you is looking at those potential areas where you want to export. I would be taking a restricted list with me and saying these are the areas we want to stimulate here. Obviously, they can come over here and buy our uranium or they can come over here and buy our raw products.

**Hon. Mr. Bennett:** I'm not so sure about the first one.

**Mr. Peterson:** We can flog that kind of stuff. It seems to me—and we'll get into this later—we have talked about industrial strategy I'm glad to see, I gather for the first time, that you've got some half a billion in there for sector analysis, which I assume is your first start at industrial strategy. Am I right?

**Hon. Mr. Bennett:** What item are you referring to?

**Mr. Peterson:** A new item in one of your votes for some \$450 million.

**Mr. Wildman:** For two years now.

**Hon. Mr. Bennett:** You say \$450 million?

**Mr. Peterson:** No, \$450,000 in sector analysis.

**Hon. Mr. Bennett:** We've been doing sector analysis for a couple of years. We've been relating to sector analysis. This is a program we've done in conjunction with the federal government. The only problem is they threw the brakes on and we went ahead.

**Mr. Peterson:** I would like to see you take a harder view of those kinds of situations. We're running out of time and I want to talk for just a minute about tariff policy. What is your relationship to the Treasurer with respect to tariffs?

**Hon. Mr. Bennett:** We lead the Ontario position in relationship to communications. We've had people in Geneva.

**Mr. Peterson:** Who does it?

**Hon. Mr. Bennett:** Mr. Fleck, and Mr. Wilson, who assists Mr. Fleck.

**Mr. Peterson:** Does Mr. Fleck put forward the tariff position for the province of Ontario or does the Treasurer of the province?

**Hon. Mr. Bennett:** Let me put it this way. We have a committee which is composed of people from my ministry and from Treasury, Economics and Intergovernmental Affairs. Since the Treasurer really is the minister who does the intergovernmental side, he takes the analysis as determined by the committee and eventually concurred in by our colleagues in cabinet as a position to the federal authorities.

**Mr. Peterson:** Is it fair to say then that you agree with everything that the Treasurer says about tariffs?

**Hon. Mr. Bennett:** I don't think it's fair to say that at all. We went through that a few minutes ago. I think the Treasurer is saying very clearly he thinks we are moving very rapidly to a free trade society and that we might as well catch up with it and stay with it. I'm more convinced that I've got a bag of marbles and I'm not going to play



them off so rapidly. I might have to play them maybe faster than I'd want to under some conditions but I'm going to hold on to them as long as I can because I want to make sure that I'm going to have something in return for what I give up.

I don't know where Mr. Horner will stand on the tariff situation. I've no idea until he gets a chance to do some review and make some statements. While Chretien, who is aware of the fact, had both sides in his ministry of free traders and I suppose "protectionists," he was inclined to try to go with the fellows who were going to give some stability to Canadian industry rather than trading away all of its position. Actually I follow that line of thinking. I think it is great to talk about moving into free trade, but here are a lot of countries, as I said earlier this evening, that 12 months ago or 18 months ago, were singing an entirely different tune on tariffs than they are singing today.

**Mr. Peterson:** What kind of analysis have you done—sector by sector or industry by industry—of the effect of various degrees of free trade?

**Hon. Mr. Bennett:** When we come to the vote on policy and priorities, we can get into that with you.

**Mr. Peterson:** We only have a few minutes, maybe—

**Hon. Mr. Bennett:** I will ask Mr. Wilson if you wish, but I think that comes under policy and priorities and he can go into it sector by sector or whatever analysis you want. We dealt with some very specifically tonight, such as textiles, leather and things of that nature where there has been an immediate concern. The government, in my opinion rightly, put on quotas.

**Mr. Peterson:** I guess I will have to come back to that.

**Mr. Chairman:** Any further question, Mr. Peterson, under vote 2201?

**Mr. Peterson:** I have been off the votes all night, so I—

**Hon. Mr. Bennett:** If you wish, that is up to this committee. If you want Mr. Wilson to come forward and go into the explanation of it, as the director for it—

**Mr. Peterson:** His title is what? Director of what?

**Hon. Mr. Bennett:** Policy and priorities.

**Mr. Peterson:** I would be interested in hearing from him for the next few minutes if it is the will of the committee. I would be very interested in hearing from Mr. Wilson.

**Mr. Chairman:** I think we have been straying all over the different votes throughout the

night and I think we had better stick to vote 2201 and get this over with. Then we can proceed with the rest of the estimates. Vote 2201, item 1 carried?

**Mr. Wildman:** No. I have a short question.

**Mr. Chairman:** Mr. Sterling, do you have anything under 2201?

**Mr. Samis:** May I ask, Mr. Chairman, why my name has not been called? I talked to you moons ago.

Interjections.

**Mr. Eakins:** George, you just have a supplementary.

**Mr. Chairman:** He just asked me why he wasn't asked.

**Mr. Sterling:** Mr. Chairman, I just wanted to—

**Mr. Chairman:** Just a minute now. Everybody has had a kick at the cat here tonight and we have had very few responses from the first party. Anyhow we all agreed that each party member would have a chance to speak. Both of you on the other side have had all night—

**Mr. Eakins:** That is fair, even the third party.

**Mr. Sterling:** I just wanted to bring up at this point some questions regarding the Edwardsburgh land site to the minister. I am wondering where the status of the Dillion report is at this particular time? Secondly, is he aware that the municipal leaders in the area had agreed at this time that they wanted to withhold any meeting with the ministers until they had had a chance to look at the report and meet with your ministry officials?

**An hon. member:** Meet with whom?

**Mr. Sterling:** —some of your ministry officials and those of the Ministry of Natural Resources, the Minister of Agriculture and the Ministry of Industry and Tourism. This is so that they could discuss with them, with the Dillon report in their hands, what options are available to their communities and so that they can have some meaningful input before they meet with the ministers.

**Mr. Chairman:** Mr. Sterling, I don't want to cut you off, but that does not relate to vote 2201 and we had discussed this earlier. Perhaps, seeing that we are close to adjourning, I think we should leave this question until the next meeting on Wednesday morning at 10 o'clock. Or does the minister want to respond briefly?

**Hon. Mr. Bennett:** We only have about a minute.

**Mr. Chairman:** If you can do it in a minute, go ahead.

**Hon. Mr. Bennett:** We have been, as I said earlier tonight, far off with many things from vote 2201.

Mr. Sterling, I have the report and it is before my colleagues in cabinet. I see no reason for not having published the report because most of the information in the report has been public anyway, with the minister talking about it and everybody else talking about it. It has been out. I covered some of it again tonight in the early part of the estimates. I will be glad to see to it that the report gets out and that the municipal members again have an opportunity. They did have some input, as you will recall, at the time that Dillon was putting the report together. They have been told that before any

other decisions are made they will be consulted. So they want to look at the report and see the options—

**Mr. Eakins:** They should have asked you earlier for some input.

**Hon. Mr. Bennett:** We had them input before the report was made, John.

**Mr. Wildman:** When the options were taken, the municipalities weren't—

**Hon. Mr. Bennett:** I have to agree there. It's very seldom anyone takes options when they start asking people to. The options, you know, are about as good as—

**Mr. Chairman:** Thank you very much, Mr. Minister and members of the committee.

The committee adjourned at 10:31 p.m.

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 Ziemba, E. (High Park-Swansea NDP)

### Ministry of Industry and Tourism officials taking part

Ritchie, W. G., Executive Director, Administration Division  
 Wilson, L. R., Executive Director, Communications Division  
 York, P. A., Assistant Deputy Minister









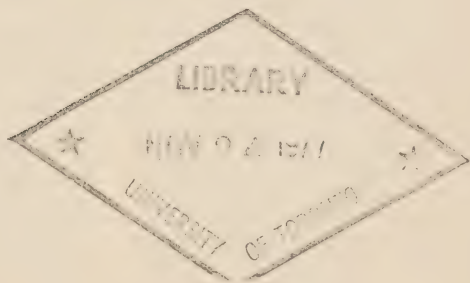
No. R-23

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

### Resources Development Committee

Estimates, Ministry of Industry and Tourism



**First Session, 31st Parliament**

Wednesday, November 2, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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# LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 2, 1977

The committee met at 10:07 a.m.

## ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

(continued)

On vote 2201, ministry administration program; item 1, main office:

**Mr. Lane:** Mr. Chairman, I'm not really sure this comes under item 1 of vote 2201, but certainly it comes under this program. I know you opened a new office in Paris this year. In view of the restraints on spending and so on, can you justify having opened an office in Paris or any other place in the outside world in a year of restraint on spending? Just what's the justification? You must have some good reason.

**Hon. Mr. Bennett:** Mr. Chairman, I think we can justify it. First of all, let me preface my remarks by saying that trading patterns around the world are changing. I think a government such as a provincial government or a state government in the United States has to keep changing with them.

It's fine for the national government of the country to have offices in each of the countries of the world, for diplomatic relations and for cultural relations and for political relations. But in the case of the Ministry of Industry and Tourism in the province of Ontario, we have to survey, and continue to survey markets, so as to be on top of conditions that prevail with tariffs and import and export regulations by the various countries.

You might recall that in an announcement I made earlier this year, we closed three or four offices at various places. In the United States, we closed Cleveland, we closed Minneapolis and we closed Boston. We closed our foreign office in Vienna and our foreign office in Sao Paulo.

We did that because we found in Sao Paulo the opportunities for trade were becoming less and less. Because of the opinion of our representative in Sao Paulo, and after consultation with trade people of the federal government, it was felt really our usefulness in that country had passed. They were now putting up non-tariff barriers of such a dimension that there was no possibility of North American products getting in unless

they wanted them, and the possibility of new investment going either way was only if the government of that country so concurred with it.

In Vienna, we found our market position dropping somewhat, but overall, we looked at the Paris or the French situation— a market where tourism to the province of Ontario had jumped from about 22,000 people to 36,000 in one year. Over 50 per cent of them are people who are travelling here for truly a holiday reason. Of the, 50 per cent, balance, about half are coming here because of relations, family relationships and family visits. The other portion of that travelling population from France is coming here for business purposes.

Indeed, in our assessments both at the provincial and federal levels, we discovered a very keen interest. You will recall that our Brussels office really served the French market, so they had some input to it as well. We also got some background information from our Ontario House in London, England, where they were dealing with some of the French business and finance community.

All in all, it appeared that it was a very viable location for Ontario to move into at this time. So we could see the opportunity for new business investments in Ontario as a result of the office. We were told by the French chamber of commerce—or the correct name in French which related to the chamber of commerce—that they felt we needed a visibility and a presence in the market if we were to instill any degree of confidence in that French community.

We've taken that initiative. The office will likely cost the people of this province about \$200,000 and it could be slightly more depending on some of the problems we might encounter as we go down the road in the agreement on title.

At the time we were asked, when we were in Paris, as to what we wanted the Ontario office known as, we accepted the advice of the ambassador that we should go for the same definition or representation title as the province of Quebec. So through the ambassador we have made that application. I will admit that maybe it was late, but we had originally only thought it was going in as a

trade office until we were given the view of the ambassador and some of his advisers. They felt that to keep things on a par, to keep everybody moving in the right direction and so there would be no one who felt that he or she was being downplayed in any way, Ontario should have a *délégation du général*. That's what we have asked for and we are convinced that it will be a good office.

Let me finish my remarks by saying clearly that it is not Ontario's or this ministry's desire or ambition to try to equal what the province of Quebec presently has in the country known as France in the community known as Paris. The province of Quebec's budget for the Paris operation is about half again as much as the entire budget for foreign delegations from the Ministry of Industry and Tourism for the province of Ontario. They have something like 60 personnel in France and we just do not intend to get involved to that depth either in France or any other country.

**Mr. Lane:** So actually, the situation in Quebec had nothing to do with your opening an office there?

**Hon. Mr. Bennett:** No, but when you say the situation in Quebec was not the determining factor as to whether or not we go into Paris, it's been pressures that have been brought by the chamber of commerce of France. It's been pressure put on our ministry by the French chamber of commerce in the province of Ontario that has encouraged us to go there because they felt the French business, consumer and tourist communities should have alternatives to the program that's offered by Quebec in France.

I have said before and I repeat it again that our position in France is not any different, in relation to the province of Quebec and the federal government of Canada, than Eaton's and Simpsons being located adjacent to one another in downtown Toronto. It gives the consumer, or the purchaser, alternative choices within a very close proximity to one another.

**Mr. Lane:** Mr. Minister, I appreciate your answer and I think you can appreciate my question. When I have to tell people we can't build a road or a sewer system because we're in a restraint program and then they see we're opening an office in Paris, they wonder whether or not we're quite doing the right thing.

The other thing that I'm interested in is how you select people to man this office. What qualifications do they have to have? Where do they come from, who do they see and how do they get the message back home?

What's the mechanism to tie you into that office on a regular basis?

**Hon. Mr. Bennett:** Generally speaking, the head of post is a ministry employee. He or she has usually been through the ministry in Ontario, and has likely worked in various ministry divisions and maybe even in some field operations in the province. More than likely they are of a professional calling, such as an engineer, chartered accountant, lawyer or something of that qualification, or people who have business administration degrees and who understand market requirements.

**Mr. Lane:** Are they bilingual?

**Hon. Mr. Bennett:** There are 19 different languages spoken by our representatives. There is not a country, including Japan, where our representative is not capable of speaking the language. In full support of some of our representatives who go out into the field and learn the language, Japanese being one, it's not an easy language to learn. I'm sure you can all appreciate that. It's very difficult.

Our man, when he went out there six years ago, spent a great deal of his own personal time in acquiring a very workable control of the language, and he was complimented many times while the Premier (Mr. Davis) and I were there by the Japanese community because of his competence in their language. If they're in Brussels, they can speak the language of that country and many others. I have one or two people working in the various offices who can speak as many as five or six languages. The man in Paris has competence, I think, in six languages. He is the first individual trained here in the province of Ontario who's come from this ministry.

[10:15]

The balance of staff in most cases come from the country in which we are operating, not in all cases because in Ontario House in London there are a number of people you'll appreciate, who also come after training in the ministry. The clerical staff and the back-up staff usually are from the country in which we are operating. The trade counsellor usually is from the country we're operating in, in other words a national of that country. They're usually professional people with some degree of understanding of industry requirements in their country and have something to do with the financial community as well.

If an individual in Paris, let's say, wanted to work for our ministry or for the office in Paris, he would make application to the office there and our senior, our temporary representative in Paris for example, would do the judging as to the competence of the indi-



vidual who was applying. It would come back here to Toronto for final approval. I certainly have to rely on their good judgment in the field about an applicant's ability to serve.

One final point, we're asked often about trade offices around the world and whether we should maintain them. I suppose that's a very difficult question for any minister, regardless of what government he happens to be in, to try to put a real final conclusion on it. We think there's great importance to being in some markets. I'd even go so far as to say that I think that Ontario some day has to look at establishing an office behind the Iron Curtain. I think there are some parts of Europe where we have a very strong potential.

**Mr. B. Newman:** We'll send you, Eddie.

**Mr. Chairman:** No, send my brother, he speaks Russian fluently.

**Hon. Mr. Bennett:** We think there's a strong potential in some of those countries but that will come in due course. We're still doing some studies on it.

Turning to the other offices we maintain, we believe that there is a value to this province. In the countries where we are closing up offices, we now have an agreement with the federal government that we can establish within the trade counsellors division of their embassy operation in those countries what we could call an Ontario trade desk or an Ontario representation desk, where we can have virtually what we'd call a suitcase traveller for the province. He'd spend maybe a month in a particular country, maybe twice or three times a year, following up leads on investment opportunities and trade opportunities. A great number of these things come directly into the French office, the Paris office, or the London office or the federal government office.

We do think there's great value in being in the field. I caution you that we have to keep an ever-watchful eye on changing trade relationships, tariffs and so on that exist between Canada and the other countries of the world. Where it's no longer beneficial we're better off to have a desk with the federal government and try to reduce our overall cost as much as possible.

**Mr. Lane:** What you're really saying to me is that whether you open an office in Paris or close one in the United States is a judgement call as to conditions that might exist between us and that country, or market conditions or what have you. Whose responsibility is that judgement call? Yours and your staff, or the cabinet's?

**Hon. Mr. Bennett:** Ultimately, mine. As the minister, it's my decision as to whether

we should or should not remain in a particular area. Obviously you can appreciate that information comes to me from people in the field, from people here at head office, from negotiations with the federal government; and in review of trade relations, in looking at costs, in looking at proximity to the home market and so on.

I'll just add one other thing. I think that eventually, from a very realistic point of view, and I mean this sincerely, looking at the movement of industry into the southern United States with more and more head offices moving into places like Georgia and Florida, we could very well be pushed—I shouldn't say pushed but encouraged—by those changes of location from Chicago, New York and Detroit and so on, to look at the possibilities of opening an office in either Georgia or Florida to be on the scene in dealing with those head offices which are making the decisions on investments in other parts of the world. That's where you've got to be, you can't be distant. You have to be known to them and your representative has to be part of the community these people move in.

**Mr. Lane:** I can appreciate what you are saying and I certainly thank you for your answers. But I am just wondering, in your period of time as the minister of this ministry, in which you have opened a lot of offices and no doubt closed a number, do you feel you have improved the efficiency of the foreign country operations and streamlined them, so to speak? Are you getting more bangs for the taxpayers' dollars now than we were back in the days when you took over the ministry? I assume the answer is yes, because I don't think you would be spending dollars if you weren't getting it. I'm just curious about it because I am getting asked questions, as you can appreciate, about how we can afford to spend those kinds of dollars and what are we getting for them. I just want to know some of the answers.

**Hon. Mr. Bennett:** When we come to the exact vote in the estimates we can touch on the volume of figures and so on from various offices. We think we are getting a better representation and a better opportunity at market participation in both trade and investment. Be ever mindful of the fact, members, that it will be a constant change. There are some offices I am not convinced we should maintain. I think we've got some of them because of political pressures that have to be represented.

**Mr. Eakins:** On the same question as Mr. Lane asked, I was just wondering have you



worked with the federal people and the provinces in perhaps trying to work together as one location rather than having separate offices? I think he was making a point along this line and I was just wondering and thinking of the savings. Is it possible? Have you talked on a federal-provincial level of all provinces sharing locations. Is it possible or is it feasible or is it the proper approach?

**Hon. Mr. Bennett:** Let me start with the last part, is it feasible. In my opinion yes, it is.

Is it possible? I am doubtful, because there are some provinces which will not under any circumstances see themselves under the Canadian flag in a particular country. They want to be under their own provincial flag. I talked to Mr. Chretien when he was the Minister of Trade Industry and Commerce—

**An hon. member:** What provinces are they?

**Hon. Mr. Bennett:** I am not going to get into specifics. You can use your own good imagination or judgement or anything else you want to use to come to that conclusion. I'll tell you if we could do it it would be beneficial to the smaller provinces of Canada which are not capable, strictly from a financial point of view, of going in and trying to be competitive in world market positions for some of their manufacturers.

**Mr. Eakins:** How many of the provinces are represented overseas?

**Hon. Mr. Bennett:** Starting at the west coast, there's BC. Alberta definitely has some offices. I think Saskatchewan has some offices. Manitoba has some offices. Ontario obviously has. Quebec has and I think New Brunswick has one office, if I recall correctly. I do not believe the others are represented by their own delegations or trade representatives; Nova Scotia might be. I have to check on the exact number, but provinces going west from Quebec are all represented in foreign markets.

Coming back to the point of what we have done, we talked to Mr. Chretien, Mr. Jamieson and Mr. Gillespie, and now to Mr. Horner. They are all very receptive to the idea that it would be great to see pretty well all of the provinces withdraw from foreign markets and come under the Canadian flag with trade desks or whatever else you want to call it. But we are also realistic, we recognize this is not likely to happen.

I have said, as the minister reporting for this province, that I would be prepared to take the leadership in closing Ontario offices, providing I can get a solid commitment from the other provinces. Obviously, for very well

thought-out business reasons, if we close up these offices the businessmen of this province are going to think we have just decided to forego everything we do for them in the foreign market.

**Mr. Bolan:** I wonder if I can just follow up on your answer to Mr. Eakin's question. You say or you seem to be saying, that you can't get the co-operation of the other provinces with respect to this. Is that necessary? Can't you go to the Canadian government and say fine, you have a foreign office, let's say in Japan or whatever the case may be, is there anything wrong with the province of Ontario having a desk or booth within the structure of the federal government's office?

**Hon. Mr. Bennett:** I would have to agree with you; but again it would be a long drawn-out negotiation, because you have to know how many personnel you are going to put into that office.

**Mr. Bolan:** Assuming that you have that.

**Hon. Mr. Bennett:** At the moment we think there are no advantages to Ontario disappearing from the foreign scene. You must have a presence. You must be recognized and you must be understood. That was the very reason we went into Paris, because the French said we should have visibility. Quebec had visibility and they thought if Ontario was going to benefit from opportunities of investment and trade, we must be visibly seen in the market.

**Mr. Eakins:** You wouldn't be visible unless you were in a separate identity.

**Hon. Mr. Bennett:** That's right. I think it would be great to find a common position of being able to agree, but it is not my job, you will appreciate, to try and bring everyone together, although I have often suggested it at federal-provincial ministers of industry conferences, without a great deal of acceptance.

**Mr. Haggerty:** Do you think there is actually going to be a benefit by opening this office in Paris when Canada is not a member of the European Common Market?

**Hon. Mr. Bennett:** Oh, very much so.

**Mr. Haggerty:** How are you going to trade with them? As I understand it, any industry here that wants to develop a share in the European Common Market must buy into a company in England before it can sell its products.

**Hon. Mr. Bennett:** No. There is a common pact in the EEC which gives trade preferential positions to those countries which be long to it—seven, eight, nine or 10 or whatever number they might grow to with Spain

and the other countries which want to join—but basically we have the right to trade there under certain tariff conditions. Let's not forget there is still money moving around.

**Mr. Haggerty:** What commodity are you talking about trading, besides uranium or something like that?

**Mr. Fleck:** We trade with the US and we trade with the Common Market. They have a set of tariffs the way the United States has. There is extensive trade with the Common Market in a variety of products. The Common Market is just like another country as far as trading is concerned.

**Mr. Haggerty:** It's a trade bloc, that's what it is.

**Hon. Mr. Bennett:** That's right.

**Mr. Fleck:** So is the United States.

**Mr. Haggerty:** That's where we should be improving our economic conditions, with the United States and Central America and South America.

**Mr. York:** We should be improving with all of them.

**Mr. Haggerty:** Do you have offices in the United States and Mexico?

**Mr. York:** We have one in Mexico; we have one in New York and one in Chicago.

**Mr. Haggerty:** What about Brazil?

**Hon. Mr. Bennett:** Let me go back to South America. We are into another trading bloc, where trading conditions become just about impossible. Not only for us but for anybody who is not part of the Andean Group pact, because their tariffs, for example on consumer goods, could be as high as 300 per cent. You are not going to penetrate that; I don't care who you are.

That is why we pulled out of the Sao Paulo office, and that was on consultation with the federal government. We had just come to a point that the cost of maintaining an office there was getting excessively high because Sao Paulo is an unbelievable city and we pulled out of it. The South American market would be great if we could penetrate it to a greater extent, but I think we have to be realistic there. They are in a trading pact and they have made it extremely tight.

**Mr. Haggerty:** That's right, but what they have to trade they are willing to dump here though, aren't they, in Canada?

**Hon. Mr. Bennett:** That's part of what I hope GATT will resolve.

**Mr. Haggerty:** I don't know, if you are working in that area—

**Hon. Mr. Bennett:** We are.

**Mr. Haggerty:** —what impact you will have on that.

**Mr. Lane:** Mr. Chairman, I appreciate the supplementary questions from my colleagues, because I think as elected members we all have the same responsibilities for explanation to our constituents as to why we are doing these things, what the results are, what the cost is and what the end achievement might be.

The other thing, Mr. Minister, I was going to ask you—and then I was going to yield the floor to the next speaker—was, basically, how long does it take you to decide whether or not it's been a good move to open an office in a foreign country? Is it two or three years down the road before we know what is coming out of the effort, or how do you measure it?

**Hon. Mr. Bennett:** Yes. It takes, I would say, anywhere from 18 to 24 months to come to a firm position on whether you are going to open an office or not. It may not take that long in trying to determine the closing of it, because some of your sales records can be seen for the last three or four years and trends that are established by the federal agency and ourselves indicate where we are heading.

In the Cleveland market my attitude was very simply this, that Cleveland is within an hour's flight of Toronto so it was difficult for me to try and justify the maintaining of X number of personnel in Cleveland when it could be easily serviced from this very location. That is one of the reasons we got out of Cleveland. Minneapolis became a rather questionable investment for us. We weren't getting that much activity and we felt it was better to consolidate personnel and funding into something more beneficial for the economy.

May I just draw the attention of members to page 8 of the Ontario Exports review which indicates Canada and Ontario's participation in the EEC. In 1975, for example, Ontario exported to the EEC, in live animals, food, feed, beverages and tobacco, crude materials, fabricated materials, end products, and special transactions, a total of—\$1,076 million. Last year, 1976, it was just slightly improved by about \$6 million additional.

[10:30]

In other words, our participation as Ontario in relationship to Canada's overall exports to the EEC is 24.6 per cent. Those are Statistics Canada figures.

**Mr. G. I. Miller:** What about France in particular?

**Hon. Mr. Bennett:** You get the breakdown



on page 20. France was \$62 million in 1975. In 1976 it was \$68 million, which was a 9.4 per cent increase over the previous year.

**Mr. G. I. Miller:** Well we have a deficit, do we not, in trade balance?

**Hon. Mr. Bennett:** I would have to get that information.

**Mr. Fleck:** We can find that out, but whether we do or don't the important thing from our point of view is the exports that we are making. That is what we are trying to increase. We are not trying to increase what we import from them, that is what they are trying to do. Our job is the exports, and whether it is a plus or a minus we are still out to get the maximum exports; and as you can see, \$68 million is a fairly substantial export.

**Hon. Mr. Bennett:** What we have really tried to do in relation to the imports is to do an analysis of some of them to see whether it would not be beneficial to have that individual establish a branch plant operation in the province.

**Mr. G. I. Miller:** It has to have a relationship to the balance of trade, though. I think that must be of some concern to you.

**Mr. Fleck:** It is always of some concern, but the real concern is the balance of trade overall with all countries. Some countries will be at a surplus and some countries will be on the negative side. Every country in the world wants to be positive and that is impossible.

**Hon. Mr. Bennett:** I will tell you, the secret to success in the trade world is if it was a zero balance position. I tell you what if we get that, fellows, we won't be living on what is known as the earth today.

**Mr. Fleck:** Canada, generally speaking, has had a positive trade balance. They have had their negatives in other areas, such as on dividends and other payments, and so-called "invisibles" going out of the country, but generally speaking Canada does run at balance in trade with the rest of the world.

**Mr. G. I. Miller:** What is the budget for running the Paris office?

**Hon. Mr. Bennett:** Paris? About \$200,000, but it could change slightly. If the classification comes through there could be some other demands from a protocol point of view.

**Mr. Haggerty:** Do you have any office facilities in the Middle East at all for trade?

**Hon. Mr. Bennett:** Not at the moment.

**Mr. Haggerty:** There seems to be a market there. There seems to be enough capital floating around there.

**Hon. Mr. Bennett:** That is why I was in Iran.

**Mr. Haggerty:** I notice that the percentage change is up about 27.1.

**Hon. Mr. Bennett:** Yes, there could very well be some changes and that is an area we are still looking at. There are some problems in trying to establish in the Middle East, as you can appreciate. There are real political problems, and the federal government will become somewhat concerned about what we do.

We will keep in mind, I tell you very frankly, the opinions of the federal government. It has been extremely helpful to this government and to this ministry in all of its trade operations and all of its trade missions around the world. I give full credit to the Ministry of Industry, Trade and Commerce for its participation, because never has it refused to help us sponsor a program or get something on the road, which I think is to its credit, and indeed to our export or business credit. Before we move into the Middle East there will be long negotiations with them.

**Mr. Chairman:** Mr. Lane, do you have any further questions?

**Mr. Lane:** I think that pretty well covers it, Mr. Chairman. I would thank the minister for his answers. Maybe the only suggestion I might make is that in the various speeches you make, and reports that are released and so forth, you might highlight our operations overseas a bit more than what you have, because I think when people hear about you taking a trip around the world or to some other country many of them think you are out there spending the taxpayers' dollars and not bringing back much for it.

I think the discussion we have had this morning has been very useful. It has brought out a lot of things that certainly I was not aware of. If we could, in some way, continue to highlight this to the people of the province we might get more people supporting our efforts abroad than we presently have. Thank you very much.

**Hon. Mr. Bennett:** This overall vote, for foreign operations of all natures for the ministry, which includes tourism and trade development in the various offices, is about \$4 million a year. I just want to clear up one remark that I made about the \$200,000 for Paris. In the initial year, in establishing it, it will be in the range of about \$200,000. We estimate on a 12-month basis it will likely cost us in the range of \$300,000.

**Mr. Chairman:** Before we go on to the next speaker, we have made very little prog-



ress on vote 2201, and I was wondering, Mr. Haggerty, do you wish to speak on vote 2201 or some other vote? I thought perhaps we might go over the estimates vote by vote and try and get this thing in an orderly manner if possible.

Vote 2201 agreed to.

On vote 2202, policy and priorities program; item 1, program administration:

**Mr. Chairman:** Mr. Haggerty, I think you are on next. Did you have anything to say under policy and priorities?

**Mr. Haggerty:** Mr. Chairman, I have to leave. I have a meeting with Inco officials this morning.

**Mr. Chairman:** Mr. Wildman.

**Mr. Wildman:** Yes, I notice the descriptions in the review and in the detailed briefing book indicate that this is a new division that's consolidating the research and planning branches of all the other branches basically. I think that relates directly to some of the things I was talking about in my leadoff, especially as it relates to research and development; the GATT negotiations and your input into the GATT negotiations, which largely results from the sector analyses that you have been doing and so on. Just before I go on to specific questions about that, I am looking at the vote here, was there no money voted last year for sector analysis? I notice it says new activity here.

**Mr. Fleck:** May I just touch on that, since I was here last year? Many of the activities were taking place then, and in fact I believe you referred in your opening remarks to the sector analysis studies that have been put out, those red booklets. The person who had been doing it might have been assigned to something else within the ministry or gone to another area of the ministry and the vacancy moved in here and it has been filled. It's the first time it has been pulled together in quite this form and it has been given additional resources to what it had before. It wasn't zero.

**Mr. Wildman:** I was trying to find out what additional resources there are. Do you have any idea of how much of that \$459,000 is actually new money for sector analysis?

**Mr. Fleck:** Bill, would you have the number of people we might have had in that area, or would you, Mel, prior to the realignment? My guess would be about half of this was there before and about half of it is additional.

**Mr. Ritchie:** I will work it out.

**Mr. Fleck:** I think that's approximately right. It's not something one can sharply separate one from the other, because part of it is also relationships with associations and the various industry groups, but that would be a rough estimate.

**Mr. Wildman:** I have just been reading some comments made by the Treasurer (Mr. McKeough) in a speech he gave to the engineering and managerial organizations in Ontario last week in which he referred to a number of things I commented on in my leadoff, not directly related to what I had said but to the same problems. He points out that 250,000 jobs have been lost over the last five years in manufacturing in Canada. He uses as a source the Canadian Manufacturers' Association, and he tries to relate that to the GATT negotiations and the fact that we can look for lower tariffs.

Then he states: "My colleague, Claude Bennett, Minister of Industry and Tourism, stands prepared to consider requests by industries which need tariff cut exemptions as part of the game plan for adjusting to a more competitive world." I'm wondering what kind of preparations, what kind of input this ministry has had into the comments being made by the provincial government to the federal government on the GATT negotiations, and what areas of manufacture and industry in the province you're looking at that might need that kind of help?

**Hon. Mr. Bennett:** I'll ask Mr. Fleck and Mr. Wilson to answer. Both of them have been working directly on GATT negotiations here in Ontario and in Ottawa, and both of them attended some of the meetings of recent days in Geneva.

**Mr. Wildman:** This division does have significant input into that?

**Mr. Fleck:** Yes. There is an interministerial committee on which we are participants. I chair that particular committee that is made up of deputy ministers of the ministries most directly involved. Obviously ourselves and Treasury are really the two key ones in the process, but in addition Agriculture and Food has a very important stake in it and Natural Resources would have a very important stake in it as well. It's those four that really make it up, and our staffs have been working very closely together in this area as well putting together an Ontario position.

I might add that the Treasurer sometimes is accused—not accused, it is indicated that he's for free trade in its pure sense, and I think that it's important to recognize that in the statement that he made in Ottawa

he did not say "free trade," he said "freer trade." I think that's a very important distinction, because whether we like it or not, tariffs are going to be reduced in the Tokyo round that's going on now, and that's not something that we have control over.

We know that the United States especially feels that we received disproportionate benefits in the Kennedy round and have indicated that we need to be a signatory—we were not a signatory to the Kennedy round—but we need to be a signatory to this. We need to be one of the players in the game if we want to retain access on current terms to the American market. It's not something on which we really have a choice. We're in the game. Tariffs are going to be reduced; and in fact the Swiss formula that has been suggested at the present time brings about fairly high tariff reduction.

In fact, if it were applied to our tariff structure there would be a reduction on average of about 50 per cent on our imports, but, given the nature of the products that we trade in, it would only be a reduction of about 23 per cent on our exports. So it's obvious that the current tariff formula is not one that is fair to Canada and to Ontario.

The whole nature of tariff negotiations is such that there is supposed to be what's called reciprocity, meaning that it's supposed to be that you come out about even when the whole process is over and, of course, our concern in the areas we're working on is to make sure that Canada, and in particular Ontario, do come out even in that process. We're very much involved in that.

**Mr. Wildman:** Do you have specific areas you're looking at now as to manufacturers who perhaps could not deal with an immediate reduction in tariffs in Ontario? Are you suggesting that those particular areas should have some extra protection, at least in the short term?

**Mr. Fleck:** There is a lot of contact between industries and the Ontario government, as well as, of course, between those same industries and the federal government through the CTTC, the Trade and Tariff Commission. We are concerned about it. Of course, it's important to recognize that even if the current negotiations were successful and on schedule, the earliest tariff reductions would be in the early 1980s, several years from now, and in all likelihood those would be phased out over a five- or a 10-year period.

So we're looking at the late eighties and even early nineties before you would have a completion of whatever tariff reductions were negotiated. Certainly phasing is a very im-

portant part of the process; and also, of course, there will be areas where there will be exceptions agreed to between countries. It's a negotiating process and if one wants to get an exception in one area you have to pay for it somewhere else. It's not a game where there are any bargains.

[10:45]

**Mr. Wildman:** You're not prepared to indicate what kind of areas you're looking at then?

**Mr. Fleck:** That is correct. One would not, at the federal level or at the provincial level—

**Mr. Wildman:** You don't want to show your hand, in other words?

**Mr. Fleck:** That's right.

**Mr. Wildman:** Okay. The Treasurer has been talking about rationalization and the need for world-scale manufacture, and basically he's saying that if you can't compete you're going to have to fold or you're going to have to improve, one or the other. Maybe that's being a little too simplistic, but that apparently is what he's saying. In this speech, he referred again to one of the main things I was talking about in my leadoff and that is research and development.

He says: "It's a national scandal that our R and D activity is only one-third the level of that of the United States measured as a proportion of the GNP. The shortfall is simply enormous, close to \$3 billion per year, or 50,000 to 100,000 innovators." He then goes on to say that it's too late for excuses, we have to get going; we have a lot of engineers who are unemployed and we've got to get them involved in this kind of thing.

The major problem we face is that as long as we have a branch plant economy as long as our manufacturing is largely subsidiary to the United States we're going to have a difficult time in developing R and D and high technology, simply because those kinds of activities are being carried on largely by the parent companies in their other operations and they export those to us. Basically what we're doing, as well as bringing investment in, is we're importing technology. There are examples that the minister has cited where we have obviously exported technology too—the IBM example, for instance.

**Mr. Martel:** Oh, don't get sucked in by that one.

**Hon. Mr. Bennett:** That's good.

**Mr. Wildman:** That's exactly the problem. How are you going to deal with the situation we've got where we've got a branch plant



situation importing high technology? How are you going to change that around instead of just making speeches to the manufacturing sector and saying, "It's no time for excuses. You've got to get going"? How are we going to produce the kind of R and D that is necessary to produce jobs so that we have a viable manufacturing sector? How? What are you doing?

**Hon. Mr. Bennett:** Let's go back to the first equation of operating a business. That is you do certain things because you're going to derive a return on investment. That's what R and D is, an investment.

**Mr. Wildman:** Sure. We've got a lot lower investment in that.

**Hon. Mr. Bennett:** That's correct. I think one of the things you can look at, and I'm no expert in it, but the indications from the business community are very clearly that there is no incentive at the national level, tax-wise, to invest money in research and development in Canada. In other words, in the United States and some other countries companies are allowed a very fast write-off of research and development funding programs and that stimulates the firms into putting the research and development there.

It has been said that if Canada's tax program in relationship to dollars invested in research and development was as advantageous as it is in some countries a number of companies would move to this country to start research and development because of the expertise and the university graduates and so on who have come out of Ontario and Canadian colleges.

**Mr. Laughren:** That's total nonsense. You know why? Because the people who do research and development are the big companies. And who are the big companies in this country and in this province? They're American companies and they damn well do their research back home. That's the most superficial analysis I've ever heard.

**Hon. Mr. Bennett:** That's fine, because you fellows deal with the most superficial analyses of anyone.

**Mr. Laughren:** You've solved a lot of problems, haven't you? Your system is really working well, isn't it?

**Hon. Mr. Bennett:** I'll tell you, our system has created equality of life.

**Mr. Laughren:** Your system is screwing it up, that's what your system is doing.

**Hon. Mr. Bennett:** It is? I'll tell you, you're living a better life today than you've ever lived.

**Mr. Laughren:** What's that got to do with the unemployment problems in Sudbury?

**Hon. Mr. Bennett:** That's part of the quality of life that came as a result of investment by companies other than Canadian.

**Mr. Laughren:** What's that got to do with a million unemployed people?

**Mr. Chairman:** Mr. Wildman has the floor.

**Mr. Martel:** Mr. Chairman, on a point of order, I think we're being misled. I hate to say this, but I think we're being misled.

**Mr. Chairman:** If you think we're being misled, you can wait until Mr. Wildman is through and then you can go on with the discussion.

**Mr. Martel:** No, I'm on a point of order, Mr. Chairman. I think we are being misled, because if one reads the Senate report on investment and the science study and so on—

**Mr. Wildman:** The Science Council of Canada.

**Mr. Martel:** —and the statements of Senator Maurice Lamontagne or whoever it is who chaired that, in fact Canada has a great deal of money being spent in R and D; and the concessions given are in fact, larger than many other countries. We give direct assistance to corporations to do R and D.

But my colleague is right, in fact, about the multi-national companies predominating in this field. The select committee, including seven of your colleagues, heard how companies like Ford withdrew all R and D from Canada and took it back to the United States and are doing all R and D there. Even though with IBM you might get a smidgin of it, the royalties and so on go back to IBM in the US and not to Canada. That little plant we visited in Toronto is just part of the overall picture.

The real problem is that most of the companies are in fact multi-national, American-run firms which choose to do their R and D in the United States rather than do it in Canada.

**Mr. Wildman:** I don't disagree at all with what my colleague has said. That is basically the point I was making in the leadoff. You can go through your sector analysis in the automotive industry. What is being done here that is indigenous R and D? You list problems in your sector analysis and in each one of those you look at the problems. What are we doing to try and ensure that these companies that operate on an international scale—

**Mr. Fleck:** I would not agree with the argument that it is only the large multi-national firms that do R & D.



**Mr. Laughren:** Basically.

**Mr. Fleck:** A great deal of the innovation that takes place in the creation of new products comes from smaller firms. For instance, you mention the automotive industry. We have a very active small parts and components parts manufacturing industry in Canada that exports a very substantial portion.

**Mr. Wildman:** That is true, but we are in a serious deficit right now in parts manufacturing.

**Mr. Fleck:** The independent small parts manufacturers, the non-multi-nationals, the ones that you are particularly interested in, run at a trade surplus of about \$300 million a year. We have a very active group in that area that is competing well and doing an excellent job in providing some of the innovation you are after.

The other thing is that you have a Federal Investment Review Agency that, in relation to new investment that is coming in at the present time, requires—in fact, one could say that unfortunately we are too successful now in keeping out large multi-national investment in Canada, I am not sure that we benefit by it.

**Mr. Wildman:** I am not sure that Mr. Gray from Windsor would agree with you.

**Mr. Fleck:** I am quite confident he would not agree with me.

**Mr. Laughren:** Roll out the exceptions to make the case.

**Mr. Fleck:** It is very easy to keep it out. The real question is, does that benefit us?

**Mr. Wildman:** I am not going to go any further on that now, but I would like to move to you—

**Hon. Mr. Bennett:** May I just say one thing on the problem? I don't think anybody on this side of the table disagrees that there should be more money in research and development. We have admitted that in many sectors of the economy there could be more money invested. You said to me, how do you stimulate that activity? How do you stimulate it in comparison to France, England and some of the other countries of the world?

I say to you, very simply, that there has to be some incentives for people to put money into that area rather than just accepting the fact they can go and buy some degree of technology in the world and adapt it to their product in Canada. If you are really to get them you invest money in research and development, it is like anything else, whether it be a child that you

want to do a job or anyone else, you create a situation that you think offers some kind of an incentive; the same thing is applicable to research and development.

**Mr. Wildman:** The problem with that whole approach, considering our truncated branch-plant system, is that if you give tax incentives to a multi-national you have no guarantee that the R and D that might be done is going to be done here. A lot of the investment can result in R and D and other types of investment in other parts of the world. You don't know, unless you have some kind of assurance or guideline in whatever program you are suggesting that is going to ensure that it is done here.

**Hon. Mr. Bennett:** That is the way programs are established, of course, with the guarantee that the programs will be completed in the country where the tax incentives are offered.

**Mr. Wildman:** You can say that, but it seems to me that as long as we have this kind of structure we are going to continue to be the exporters, generally, of raw materials, and the manufacture and the technological development is going to take place elsewhere. That is basically the problem you have in the Sudbury basin right now.

As long as you continue to give concessions to companies like Falconbridge to allow their refining to take place elsewhere, you're not going to have these kinds of developments here, you're going to have the boom-bust economy we've got in northern Ontario. I don't see how anything you have suggested is going to change that, that's going to turn things around for our resource-based economy. Even when you're talking about foreign investment, you're talking about bringing investment in here basically to develop resources.

What we're talking about with GATT is a trade-off. They purchase resources more cheaply from us so that we can get some kind of input into their markets. It's going to be a trade-off, and what industrialized nations want is our resources.

**Mr. Fleck:** They also want access to our markets.

**Mr. Laughren:** Oh come on. Do you mean Inco has access to our markets? They couldn't care less.

**Mr. Fleck:** No, other countries want access to our markets. If I understood you correctly, you said what other countries want is access to our resources. That is correct, but if that's all they wanted they would not be concerned at all about our tariff levels would they? You

said it's taking things out; if that were so they would not be concerned about our tariff levels. I'm saying that is not the case.

**Mr. Wildman:** I'm talking about resources.

**Mr. Fleck:** They are concerned about our tariff levels and they also want access to this market.

**Mr. Wildman:** I want to move on to deal specifically with the north and east. What kind of input does your strategic planning branch have with Teiga? What's their relationship to the stated intentions by the government to diversify the economy of the north and the east and to encourage development in the slow-growth areas? What kind of planning, what kind of relationship do you have with TEIGA on that?

**Mr. Fleck:** In the north there are three main areas involved now. One would be TEIGA and the other would be the Ministry of Northern Affairs, in addition to ourselves. I believe we have a document available that gives some background on what is happening in the north on our own activities?

We have officers in the north who work directly with firms there. Two areas are very important. One, of course, is the industrial and resources area—Natural Resources is also involved—and the other is tourism. Both are largely through ODC loans that are provided, as well as various programs of encouragement in addition to the making of grants and loans in that particular part of the country. There is also a regional priority budget, and that's what this particular document gets into. The leadership in this is taken by Northern Affairs, we work with firms but we do not play a big role.

**Mr. Wildman:** Obviously one of the major problems—and it's just one of the problems that we have in the development of secondary manufacturing, especially in northern Ontario—is the freight and transportation cost over the long distances involved. What approaches are you making to both the federal government and to MTC to try and turn the situation around, because basically it's now cheaper to transport a raw product to southern Ontario or to the United States than it is to transport a finished product? As long as you have that kind of situation it's going to be very difficult, especially for a small manufacturing firm, to be viable in the north.

**Mr. Fleck:** Yes; MTC, I know, has the major involvement in that. I know they're trying to bring about some of the changes. I'm not familiar with it, but I know there were hearings, recently and also a select committee in relation to transportation?

**Mr. Wildman:** Yes, on highway transportation; good, but you've got the problem with rail freight rates as well. That's a federal matter except for Ontario Northland. What approach is the government making to the federal government to try to turn that around?

**Mr. Fleck:** It's been ongoing for years.

**Mr. Wildman:** Since Confederation.

**Mr. Fleck:** It's not something that's just developed in the last little while, there's been continuing pressure for more equitable rates.

**Mr. Wildman:** Right. Now we've got a situation where 18 per cent to 20 per cent of the jobs in northern Ontario are in the mining industry. As long as that continues we're going to continue to have boom-bust situations, that will prevail for as long as none of those resources are refined in the north so that we can send semi-processed and processed products out of northern Ontario as well as raw materials.—

**Mr. Fleck:** The tax structure in Ontario does encourage further refining in the north, and examples are operations such as Texasgulf in some of its investments and Inco in one of its more recent major investments. The taxation program was a major aspect of those decisions.

[11:00]

**Mr. Wildman:** Yes, but the problem with tax incentives is that that money can also be used in other parts of the world, and we have seen the problems with Inco in Guatemala and Indonesia, and the concessions made by the federal government to Inco that helped, basically to finance development in other parts of the world. I am not necessarily against that kind of development as long as it's a situation where those resources are not going to be just a replacement for resources that are being taken out of Canada. If we developed a refining base here, then we would be importing resources from other parts of the world and refining them here, rather than just mining out what we have got until it's gone and then having the multinational company move.

**Mr. Fleck:** Sorry; what you want to do is have the refining there and bring in the product from elsewhere in the world to refine in the north? Is that the thought?

**Mr. Wildman:** Obviously, what we have in northern Ontario is a finite resource; eventually it is going to run out. If we haven't developed this refining and manufacturing base in northern Ontario too we are going to end up with what the Premier (Mr. Davis) likes to call an industrial wasteland.



**Mr. Fleck:** I agree with your comments on the manufacturing, but I don't understand at all your comments on refining. If the notion is that you want to develop a refining base there and bring in raw product from elsewhere, just transportation costs alone would make that difficult.

**Mr. Wildman:** Why not start refining what we have now. Natural Resources has suggested we should have a zinc refinery in northern Ontario; why not?

**Mr. Fleck:** All I am suggesting is—and of course this is really a Natural Resources suggestion—that the current tax structure does encourage additional refining in the north. I hear you then say that is not good because they might spend the money on something else.

**Mr. Laughren:** How does it encourage processing to give Falconbridge an exemption?

**Mr. Fleck:** I didn't talk about exemptions. The tax structure in the north provides encouragement for refining.

**Mr. Laughren:** It all goes down the pipe when Leo Bernier says that Falconbridge can ship their ore to Norway. It doesn't matter what kind of tax structure you have if you have exemptions like that.

**Mr. Fleck:** Now you are talking about the exemptions the Ministry of Natural Resources may be giving.

**Mr. Laughren:** Right, why do you let him do that to you?

**Mr. Fleck:** Why do I let him do that to me? I haven't control over him.

**Mr. Laughren:** He is out of control.

**Mr. Wildman:** Basically, what I am concerned about is the influence of the ministry here on the overall policy of the government, whether it involves TEIGA, MTC—

**Mr. Fleck:** Quite frankly, the situation you have in the world depends on what leverage you have in various areas.

**Mr. Laughren:** Yes, and you have never used it.

**Mr. Martel:** Alberta is using its leverage.

**Mr. Laughren:** We never have.

**Mr. Martel:** You have given it away.

**Mr. Laughren:** We had 90 per cent of the nickel supply but we never used it as leverage.

**Mr. Fleck:** You had 90 per cent of the output. There is all sorts of nickel around the world.

**Mr. Laughren:** We are talking about the output 20 years ago. We never used the leverage.

**Mr. Fleck:** You can only use the leverage if there isn't additional supply elsewhere.

**Mr. Laughren:** There wasn't then.

**Mr. Fleck:** There sure was.

**Mr. Laughren:** It was not being developed.

**Mr. Fleck:** It was not being developed because Inco was doing the job it was doing with the product then. All you have got to do is say we are not going to sell it to anybody else and you will have the other developed very rapidly; and then what do you do?

**Mr. Wildman:** But surely you are not saying that Alberta has the major oil deposits in the world. They are able to use their leverage even though they don't have nearly the majority of oil in the world.

**Mr. Fleck:** Well I should say that they have very important deposits in relation to a very important market in the world, which is the western US.

**Mr. Martel:** Particularly during a war.

**Mr. Laughren:** Can you imagine having trouble selling nickel during the war? Can you imagine that? What you are really saying is rape is inevitable so lay back and enjoy it.

**Mr. Fleck:** I am not.

**Mr. Laughren:** That's exactly what you are saying about the nickel supply.

**Mr. Fleck:** That may be what you are hearing, but it's not what I am saying.

**Mr. B. Newman:** I wanted to raise the issue of the ministry's involvement in any new negotiations concerning the auto trade pact. Your officials are aware that there's a great imbalance when it comes to the parts industry. In fact, when you combine both parts and the completed product, there is still an overall imbalance, and one of our problems is that we probably should be getting a fairer share of the US market when parts are involved, as well as the occasional finished product.

**Hon. Mr. Bennett:** I will let Mr. Fleck talk on this because we have been through the negotiations federally; there have been deputy ministers' meetings; and there has been an analysis of reports. I have not seen the American report at this point. Mr. Fleck is more current on negotiations at the federal level than I am.

**Mr. Fleck:** We consume, as a country, between nine and 10 per cent of the cars that are produced in North America.

**Mr. Wildman:** Largely assembly line?

**Mr. Fleck:** No, that's what we buy. I'm



not talking about assembly now I'm talking about jobs, and your comment bears on that.

In terms of jobs, we have about 12 per cent of the jobs in North America. So, we consume about nine per cent of the cars in that way, in a particular year, although 1975 was not a strong year for Canada. Over a normal period it's around nine per cent, but it was about 10 per cent in 1975 and we had 12 per cent of the employment in North America in the auto industry. So it's a little hard, politically, to argue in the US—if we're talking to Congress or the Senate or it's coming up in hearings—to argue that Canada is getting a bum deal. They would say, "You're consuming nine per cent of the autos and you've got 12 per cent of the employment. How is that a bum deal? If that's a bum deal, we'd like to get one too."

Then, the argument comes up, "Yes, but we've got them in assembly jobs. What we'd like to do is have them in higher technology or higher paid jobs or something of that sort."

One can argue that. My counter argument would be that assembly jobs have much more stability to them than parts jobs in certain areas. The majors can change suppliers; they're less likely to be changing their assembly plant. So the jobs that you have in assembly are jobs that have a higher degree of stability to them than jobs in parts.

**Mr. Laughren:** American Motors has moved to Flint, Michigan, where—

**Mr. Fleck:** I didn't say it's 100 per cent secure. I'm saying you have greater stability in that area than you have in parts. So that as a percentage of jobs, which is one important measure of how well we're doing in the auto pact, we aren't doing that badly.

**Mr. B. Newman:** What you are really saying is that employment-wise we still have the better end of the deal.

**Mr. Fleck:** Correct, so it's pretty hard to argue that we want to have it renegotiated on that basis alone, I would say.

The next area that you get into is the parts argument.

Just let me give an example to show how the ratio of assembly to parts affects this. If all of the cars in North America were assembled in Canada, we would not be exporting any parts because all of the parts would be sent to the assembly plants in Canada. So we would have a tremendous balance of trade deficit in parts, because all the parts would be coming in from the US and any parts we made in Canada would go into assembly here; that would be ter-

rible from a parts point of view, but it would be pretty good from an assembly point of view. If all of the cars were assembled in the US, and none of them were assembled in Canada, we would have 100 per cent exports. We wouldn't be importing any parts because all the American parts would go into the assembly plants in the States. So the important thing is not the parts alone, it's the combination of the parts and the assembly.

We have a higher percentage of the assembly jobs in the total market than we do of the parts jobs. The more you move toward assembly in Canada, the worse the parts deficit will be for that reason. I gave those two extreme examples just to explain what is happening.

The trade deficit we have in autos is a very serious factor. The overall trade deficit, which was something like \$1.5 billion—and we hope it's coming down somewhat—is very serious; it's not acceptable to us and, certainly, we would hope that it is also evident to the auto manufacturers. It's not acceptable politically over the long run in either country.

When there was a substantial trade deficit in the US for a short period of time all sorts of heat was generated, and the same thing should happen and is happening in Canada now while the trade deficit is against us. We should be very concerned about that.

In terms of the auto parts themselves, there are three elements to that: there are the auto parts produced by the four majors—GM and so on; there are the auto parts made by what are called the large eight multi-national firms, like Hayes-Dana, Budd and so on; and there are the auto parts made by a large number of independent parts manufacturers. Where the substantial trade deficit is taking place in auto parts is largely with the four majors in the captive stuff they do—transmissions and things of that sort.

The next largest component of that deficit is with the large eight multi-nationals; and, in a sense that's the worst because we have almost no levers with them. We've got levers with the majors in the sense that they should recognize politically over the long term that it's not to their advantage to have a substantial trade deficit. We have virtually no levers, in my view, with the large eight multi-nationals.

When you get down to the independents, we in fact are running a substantial trade surplus with that area. The shipments that are going from our independent parts manufacturers into the United States exceed our imports from independents in the US by over \$300 million.

I am not saying there isn't a problem. There is; a major problem. We have just got to get that trade balance down, and obviously one of the ways to do that is to improve our parts manufacturing. I am just trying to give that little background to show that one shouldn't just look at one element in isolation, you have got to look at the total.

**Mr. B. Newman:** When you look at essentially the complete manufacturing, I understand the Chrysler plant in Windsor is the most efficient plant in all of the Chrysler operations and is exporting to the US. You see truckload after truckload of new vehicles, as well as carload after carload going over there. I also hear the backlash, reading the Detroit papers, "Look at that Chrysler plant in Windsor, it is taking jobs away from us here in Detroit." But where I really hear the greatest criticism is from the small parts manufacturers who claim they are not getting their fair share of the parts manufacturing business.

**Mr. Fleck:** We want to see them get more, and we are very sympathetic to that goal. My only reason for giving you this other background was to indicate that while we want to see the small independent parts manufacturers get more, that is not the whole problem.

**Mr. B. Newman:** All right. Then in the complete assembly operation, what percentage of the North American market do we have?

**Mr. Fleck:** On assembly? We had 13.7 per cent in 1975—these are 1975 data. So in other words we consumed 10.6 per cent in that particular year—although it is nine per cent on average—and we had 12 per cent of the employment overall, but in the assembly we had 13.7 per cent. So we are weighted on the assembly side.

**Mr. B. Newman:** So far with those statistics it is to our advantage job-wise.

**Mr. Fleck:** In terms of total employment, we are benefiting.

**Mr. B. Newman:** I don't know how you argue with that.

**Mr. Fleck:** I guess that is one reason why, on the notion that we want to renegotiate the pact, I personally just don't see how we can win in that politically because of our percentage of total employment. Now we certainly want to try to modify what's happening, and we do this largely in conversations with the major auto manufacturers. The balance of trade is really the key issue from our point of view.

**Mr. B. Newman:** This booklet put out by the parts manufacturers shows the other side

of the coin. They maintain they are not getting their fair share.

**Mr. Fleck:** If I could glance at that I will be able to respond. We have a lot of contact with Pat Lavelle. I know him well and respect him. We have worked very closely with the auto parts manufacturers. He of course includes in his auto parts manufacturers those eight large multi-nationals I was talking about. There is no question they have a very substantial deficit that overrides what is happening with the independents.

**Mr. B. Newman:** When you refer to parts manufacturing, I have noticed large sub-assemblies coming from Detroit. They come into the Chrysler plant and to other Windsor plants, half a dozen holes are punched in them and they are shipped back to the United States. Then they are listed as Canadian content. Is there any truth in that?

**Mr. Fleck:** Only in value added, if punching holes is value added.

**Mr. B. Newman:** But the amount of work on those parts is insignificant.

**Mr. Fleck:** But it is the value added that is the relevant figure. It would not count as Canadian content without netting against the part coming in. If as you say there is very little added to the part, then it would only be the difference between the two.

**Mr. B. Newman:** I see.

I don't know whether I should ask this in this vote or another vote, but I wanted to know specifically the effect of the auto trade pact on the Bendix plant. You may know from recent press reports they are closing up one of their facilities, or if not closing it up substantially reducing employment. I think some 270 people are going to be laid off.

That's a substantial impact. It's not as bad an impact as Inco recently created in the Sudbury area, we lived through something that is probably much more serious than that back when Ford pulled out of the Windsor area and came to the Toronto area. I think it was almost 10,000 jobs that were eliminated in the Windsor area, plus jobs in all of the other industries associated with Ford.

Would you mind answering on the Bendix part situation, Mr. Minister?

[11:15]

**Hon. Mr. Bennett:** Yes. We realize, Mr. Newman, that there were approximately 200 people laid off at Bendix Automotive in Windsor. My staff did a review with them and Bendix was very open about it.

**Mr. B. Newman:** Before you go any further, I spoke with some of your officials and they were most co-operative.



**Hon. Mr. Bennett:** Thank you. The fact is that in our discussions with Bendix over a period of time it was simply the economics of the way they are situated with reduced demand for their product making it necessary to lay off about 200 personnel.

Bendix reached a peak position of about 880 people, but their average over the years has been about 650 on a constant production line basis. They are at 610 today. Their anticipation is that over the next few months they will likely get back up to 650 and will likely stabilize at that position.

I suppose they were caught in a rising market with some Chrysler products, or whoever was buying from them. They had brought extra people on for a period of time to meet that demand, and now they seem to be levelling off again. It is their understanding of the projections of the market that they will likely require 650 employees on a pretty constant basis. That is the average they have been at for years.

**Mr. B. Newman:** The recent labour problem was not a reason for their pull-back, was it?

**Hon. Mr. Bennett:** Not according to the information we have.

**Mr. B. Newman:** That's good to hear.

**Hon. Mr. Bennett:** It was simply the demand for their product.

**Mr. B. Newman:** I think I also mentioned Toledo Scales to you.

**Hon. Mr. Bennett:** Toledo we have dealt with on several occasions, as you know, because we were concerned about whether they were keeping up to date with the new digital machines and so on. They have clearly indicated to us that they intend to stay in Windsor with their production centre. They will keep ahead with their scale production, that is as far as new developments are concerned.

They did indicate there were some portions of the operation they would be moving into the Mississauga area, which was strictly to facilitate servicing and conversion of scales across major-use areas, but the manufacturing portion of it will remain in Windsor. That, you will of course appreciate, is as long as they can keep costs of doing their work in line in Windsor.

I don't think anyone can be unrealistic in saying that if costs were to rise then they would be forced, like anybody else, to try to make an assessment of what is the next best move. But in their present assessments of new investments and so on, Windsor is their first choice. They are very clear on that.

**Mr. B. Newman:** There is no chance they will pull their main assembly plant out of the Windsor area?

**Hon. Mr. Bennett:** The understanding we have at the moment is that that is not likely to happen. We should keep clearly in mind that the general manager of Toledo Scales informed us that at the moment the Canadian average wage was 75-cents-an-hour greater than it is for their American counterparts. I suppose when you are trying to sell to your investors on whether you should continue to produce in A, B, or C location, that's going to be a very substantial input to the decision-making process.

At the moment their intentions are to continue to operate in Windsor, and for a number of reasons: One, they are established there; two, they have a trained staff. If they move anywhere else, they have got to retrain and it could be a costly process. I'll tell you a quality product really drifts for a while when a new staff comes on stream.

**Mr. B. Newman:** When your officials spoke with the Toledo Scales people did they at the same time speak with the union in the plant so that one side could hear the other side's argument and maybe have some of their fears allayed, or refute the argument?

**Hon. Mr. Bennett:** I would have to inquire about that, Mr. Newman.

**Mr. B. Newman:** I think this is one of the areas in which information is coming back second hand to either side, whereas if it was said on an eyeball-to-eyeball approach I think you could maybe allay fears and resolve problems.

I know the employees there, especially the 19 office employees who are going to lose their jobs, are very much disturbed, as you or I would be if we were in that same position. I would assume Toledo would know enough to offer employment to them wherever they moved, but it's not always practical for an individual to pick up out of one area and move to a new location after having lived a given number of years back at the home base.

**Hon. Mr. Bennett:** I think that's understood. I understand that we have not had contact with the union.

**Mr. B. Newman:** Could I have a copy of what you have there, Mr. Minister, so that I could pass that on to those who were concerned enough to ask me about the issue?

**Hon. Mr. Bennett:** Yes, as a result of your inquiries, Mr. Newman, and those of Mr.



Cooke, as well as Mr. Gray and a couple of others, we've had a constant review of the Toledo Scales situation in relation to production, in relation to staff requirement, servicing, changeover to the new metric program and so on.

**Mr. B. Newman:** I've been in the plant, because I live less than half a mile away from it, so I'm very familiar with it.

**Mr. Chairman:** Do you work there part time, Bernie?

**Mr. B. Newman:** It might be better.

**Hon. Mr. Bennett:** Supplementary income.

**Mr. B. Newman:** Closer to home.

**Mr. Chairman:** Do you have any further questions?

**Mr. B. Newman:** No, that's what I have. I'd appreciate getting a copy of that, Mr. Minister; thank you.

**Mr. Chairman:** Mr. Martel, are you going to speak on vote 2202?

**Mr. Martel:** Yes, rather briefly.

When you started talking about technology the bells started going around. I recall having sat on a select committee for a number of years where in fact we wrote quite a lengthy report on technology and the lack of it and the fact that—well I could give you an example. Ninety-five per cent of patents registered in Canada are owned by non-residents, and the proportion of patents owned abroad has been increasing rather than decreasing. So when one starts talking about research and development being done in Canada and the benefits which accrue to people in Ontario, they are rather negligible in the total package, in fact non-existent.

As I said, we visited Ford where they had withdrawn most of their technology back to the United States, including Philco and so on. When one looks at the mining industry, one recognizes very quickly there are very few, if any, companies producing mining equipment in Canada. There are a couple of small ones, but the major mining equipment in fact is purchased from either Sweden, Germany or the United States.

In fact if there's an area of production in which Canada should stand paramount in the world it should be in the production of mining equipment. Rather than using tariff barriers to encourage production in this country or just climbing over the wall to build a plant in Canada, the select committee in one of its reports—and this goes back four years ago—recommended that was in fact an area that this government should move on very strongly. Hopefully the private sector would do it, but failure on the pri-

vate sector to move should bring government participation.

One of the main reasons for doing it would be to obtain the spin-off that would come with research and development, the jobs you would create if you had your own industry.

Now that isn't happening. We get very little research and development. There's the odd little bit of equipment that's being made. In North Bay there's a small firm, but even the major equipment that's made here, of course, is made by multi-nationals.

The Treasurer (Mr. McKeough) was very cute the other day when I suggested to him we should be moving in that field. He said, "Well you know, in Timmins the new mine up there bought all Canadian-made equipment." That was lovely, except that all of it nearly was made by foreign multi-nationals, which doesn't help us in terms of the graduate students who don't have places to do the research and the development because that is done in the States, or it's done in Sweden or it's done in Germany and they would have to leave here to do it.

We don't get benefits on the royalties from it. Yet here's an area where we could compete, where we do have a market at home that's sufficient to support an industry, and we've never got involved in it.

It isn't a case of give-away, I have to disagree with the minister on that. One of the problems we saw when we sat on the select committee for three-and-a-half years was that Canadian businessmen couldn't get money from governments or Canadian banks or anyone to expand, and consequently ended up selling their businesses because they couldn't take them any further and get the types of loans that were necessary to proceed. So in fact, you have a very serious problem.

I go back to one area where we should be winners, and that is in mining equipment; because we have the great diversity of types of technology needed in the types of mining that go on in Canada we should be producing that kind of mining equipment and jumping in as leaders.

If the private sector isn't going to do it, and it hasn't done it in 50 years, what are our options? The options we've have to date are zilch, but you do have trump cards. Tell them if they want the national resource exploited some of them should get together and form a corporation which will be involved in research and development.

In the mining and oil sector, for example, we're still importing 10,000 jobs a year into Canada, if you can imagine—and I get this

from the Association of Mining Engineers.

At least at Laurentian, after many years of pushing, they've got a four-year course going in the field. But we should develop that to research and development and get into production of mining equipment. This is a natural offshoot for the Sudbury basin where we wouldn't rely totally on the exploitation of nickel. Are we into it? Has this government done anything about it?

It was in the recommendation endorsed by seven Conservatives a number of years ago and two of them ended up in the cabinet. I see no move by the province to entice or to assist anyone to get started, yet that's got to be a key sector where we could become a world leader. I don't happen to believe we can cover the waterfront in this country. I happen to believe we have to rationalize what we're doing and start to specialize. One goes back to the multinational corporation. What you've got is each company coming over the border and dropping a small plant here for a certain market. That firm doesn't try to get into research and development, it doesn't try to export; it doesn't try to do anything except just be the end run for the parent company in the United States.

I think the select committee did in total 19 reports—some of them were commissioned and about nine we did ourselves. I'm afraid I've really been disillusioned. I think they were excellent reports, certainly they were received well, but the ideas in the reports have not gone very far. Even the venture capital and marketing we talked about, writing almost an entire report on the type of funding that we needed for Canadian businessmen after we had spent three and half years has not come to fruition.

You've got a bill in the House talking about venture capital, but four years down the road we really haven't progressed. NODC, as far as I'm concerned, is a waste of time, it really is. It's too difficult to get money. I talked to most businessmen; and I talked to your friends Claude, and they just say it's too difficult and it's too limited and what not.

I'm telling you what the gut feeling is out there in the north, they just give up. I'm saying there's a whole series of reports that dealt specifically with the proper economic development of this country, by 11 members of this Legislature with staff. The solicitor is now the chief counsel for Canadian General Electric. Some of our research staff were with the LaMarsh commission and

have been sequestered, I guess, by Ottawa in the last little while.

There were tremendous ideas in this report on research and development, but we haven't moved a jot. We continue to go down the pike.

**Mr. Wildman:** Could I ask a supplementary on that? I understand the Premier announced that two ministries would co-ordinate the government's response to the recommendations of the committee on economic and cultural nationalism, and one of the ministries is yours. When can we expect whatever response you're going to make to that?

**Hon. Mr. Bennett:** Mr. Chairman, I'll take that under consideration. I must admit that I don't know of the statements made by the Premier. I'm sure that previously there have been meetings, and what the outcome was—whether it was a report back to cabinet or not—I will have to go back and find out.

**Mr. Wildman:** I got that out of last year's estimate debates. That statement was made, I believe by you, Mr. Minister. You went on to say that you thought we should be very wary about accepting the recommendations at this time. But in last year's estimates you stated that your's was one of the two ministries that had been appointed by the Premier.

**Hon. Mr. Bennett:** I would submit to you, Mr. Wildman, that I have many committees meeting within the ministry that I am certainly not kept abreast of on a day-to-day basis, or even on a month-to-month basis. There are many programs that you go through as a ministry and not many of them are things you come to any conclusion about in a short period of time. Some of them are being analysed as to where a market is based.

But let me go on to one other area that Elie mentioned, venture capital. We think there are some possibilities for the venture capital loan fund, but nobody is going to participate in it, unless there are some incentives from the federal government. That is what Darcy has said to you constantly. Obviously you are not going to put money up for venture capital unless you know there is going to be some beneficial result, you are not any different than I am.

[11:30]

**Mr. Martel:** Right; but the problem is that if they don't move— if the feds continue to stay out and they don't get involved—then surely we don't let our economy just collapse around us.

**Hon. Mr. Bennett:** No, it is not collapsing.



**Mr. Martel:** It is. There are a million people unemployed in this country. We can pretend that it isn't collapsing, but when you have a million people unemployed, there is something wrong in the state that would endure a steady unemployment rate of eight or nine per cent with all that carries with it. Forget that they are living on a subsistence level. They do not go and buy a new fridge or a new washing machine. They just barely eke out a living. What does that do to your economy in itself?

We just cannot sit idly by and say, "Ottawa has got to take a handle too." We have to. As we had the witnesses come before us, time after time the biggest complaint we got, particularly from the businessman who had reached a certain plateau was that he needed the capital to make the next step and he could not get it.

You cannot get it from the crazy Canadian banks which are the most protected financial organizations in the world. I don't think there is any other country which protects its banking interests as well as we do. But they are not prepared to lend Canadian businessmen money, they will give it to an American much quicker than they would to a Canadian. That was a cry that came to us over and over again.

As I say, we do all these studies very carefully, with research staffs and give the government ideas and nothing comes of it. You sit on your hands. We relied, in this country, on quicker exploitation of natural resources to balance off. You reach a point where you cannot sell any more because you have not got any more to sell. In the mining industry that is what is happening. Every time you bring in a new piece of mining equipment—

**Hon. Mr. Bennett:** What mining are you referring to when you say we have no more to sell?

**Mr. Martel:** Raw materials.

**Hon. Mr. Bennett:** Which ones?

**Mr. Martel:** We have not had a new mine come on stream in two years.

**Hon. Mr. Bennett:** That is not what you said. You said we have no more products to sell.

**Mr. Martel:** Resources, raw materials. You have to find them, and the mining companies are not even doing the exploration today. They blamed it on the New Democrats out in BC, saying it was because of the socialist hordes, but they are not doing anything in Ontario either are they?

**Mr. Wildman:** They are not doing it in Ontario, either.

**Mr. Martel:** They are businessmen. They like to put the screws on government too in every way possible to—

**Mr. Wilson:** It was not so much the ones in BC as the ones in Saskatchewan that have certainly had a serious effect on investment.

**Mr. Martel:** What, the takeover of the potash operations?

**Mr. Wilson:** That is right.

**Mr. Martel:** I talk to the Premier of Saskatchewan occasionally. Do you know that there had not been a well drilled by the oil companies in five years? And when they were "rally around the flag" and getting tough, Barrett told them to take their rigs and go home, because they had not drilled a well in five years.

**Mr. Wilson:** Is that Mr. Blakeney you are referring to?

**Mr. Martel:** Blakeney, yes; right. He said they had not drilled a well in five years, "so stop threatening us, you have not put anything down." Blakeney's making the smartest move possible. He is going to have a handle on potash and Saskatchewan will derive the benefits.

**Mr. Wilson:** What is happening in potash and what is also happening in asbestos certainly does have an impact on potential investors into Ontario, even though Ontario does not subscribe to those views at all.

**Hon. Mr. Bennett:** It's broader than that though, it's in all of Canada.

**Mr. Martel:** But these are only recent events.

**Hon. Mr. Bennett:** Just a moment. The fact remains that if Saskatchewan and Quebec are making decisions and nationalizing two industries, the unfortunate part is that that kind of news spreads as a Canadian movement, not a provincial movement. It then scares off potential investors.

**Mr. Martel:** No.

**Hon. Mr. Bennett:** Don't shake your head. You know—

**Mr. Martel:** Look, we met—all right, go ahead.

**Hon. Mr. Bennett:** You can go out and look at some of the world markets. Go out and talk to some of the bankers and some of the investment dealers and ask them what are the concerns of people who would be looking at the possibility of investing in Canada. Ask them.

**Mr. Martel:** We did.

**Hon. Mr. Bennett:** You get a clear, distinct answer. The reaction to what is going



on in this country today—the fact that Saskatchewan has made one move and Quebec is making another about nationalizing—concerns industries. They are not going to come here and invest money and find out that five years later—

**Mr. Martel:** Is it not strange, though, that Inco went to Guatemala and that 50 per cent of it is owned by Guatemalan government? The oil fields in Scotland, in the North Sea, are 50 per cent owned by the British government. When we went to New York and met with Anaconda, I asked the vice-president of Anaconda whether he would open up the mines under a consortium of government and public participation in the Geraldton area because they have a huge deposit; he said, “sure, as long as we know the ground rules we’ll go in.”

**Mr. Wilson:** As long as they know the ground rules and as long as there’s a return on investment.

**Mr. Martel:** That’s right. I’m not saying you don’t have a return on investment, but the mining industry is not even coming here right now.

**Mr. Wilson:** Because there’s no return on investments.

**Mr. Martel:** I don’t buy that.

**Mr. Wilson:** Nor do they.

**Mr. Martel:** Do you know what the president of Anaconda told us? Do you know what return he wanted? They wanted a 14 per cent return from the day they put down the first dollar. That might have been 10 years back, but he wanted the return over all of those years or they’ll sit and wait. They don’t care about Canada and they don’t care about the fact that Longlac and Geraldton area went belly up. The timing wasn’t right so the economy of the areas suffered, and so did the whole of the province.

The thing that always amazes me about free enterprisers is they always want a handout. They always want a tax concession, a break, and they always want the greatest return with the least interference by government. But at the same time they want government to cough up the concessions.

**Mr. Wilson:** I find it interesting to think in terms of the government giving up a tax concession. The whole notion of tax is taking away from. It’s not giving. What you’re saying is that we’re going to take less.

**Mr. Martel:** That’s what they’re saying.

**Mr. Wilson:** It’s not that the government

is giving them something. The government is going to take less.

**Mr. Martel:** Okay, and the more that they can wheel and deal—

**Mr. Wilson:** It’s an important distinction.

**Mr. Martel:** —they’re going to maximize to get the greatest possible returns.

**Mr. Wilson:** Sure.

**Mr. Wildman:** We’re just saying we should be doing that too.

**Mr. Wilson:** But if you take too much then you don’t get them to come in at all.

**Mr. Martel:** We’re not getting them anyway, that’s the irony of it.

**Hon. Mr. Bennett:** You must admit that if on the federal basis and the provincial basis the take by government has been too much their net return is zilch. That will not encourage you as a shareholder, or I as a shareholder—if we’re permitted to have those conveniences in life today—to continue to invest in something on which they can’t say to me at the end of the year, “Here’s a dividend for you, Mr. Martel and Mr. Bennett, for your investment.”

**Mr. Martel:** Inco has paid some rather handsome dividends.

**Mr. Wildman:** Right up to this point.

**Hon. Mr. Bennett:** To pension funds and to private individuals who—

**Mr. Martel:** That might be right. Also, they’ve extracted from the federal government, in deferred taxes, \$380 million, which is an interest-free loan. They’ve garnered out of the federal government \$70 odd million for expansion abroad.

**Hon. Mr. Bennett:** That’s a loan.

**Mr. Martel:** That’s a loan, yes.

**Hon. Mr. Bennett:** There’s a big difference.

**Mr. Martel:** But the deferred tax isn’t a big difference. The deferred tax is \$380 million. It is an interest free loan to them, virtually. And they up and pull up stakes.

**Hon. Mr. Bennett:** They did not pull up stakes; let’s keep it in its proper perspective.

**Mr. Martel:** They’re going to wipe out 6,000 jobs; there are 3,000 in the mining industry and this will have a ripple effect at a very conservative figure of one to one, most economists use higher than that. We’re talking 6,000 jobs. You tell me what community in Ontario outside of a city the size of Toronto—and even Toronto couldn’t afford the luxury of losing 6,000 jobs in a year, it just couldn’t. The results are going to be devastating.

**Mr. Turner:** I think that figure is in doubt now too.

**Mr. Martel:** No, it's not in doubt. There are 800 at Falconbridge and there are 2,200 at Inco.

**Mr. Turner:** There was an announcement yesterday that brought that into question.

**Mr. Martel:** I bring their whole conduct into question, with the money they've taken out of the Sudbury basin.

What I'm trying to drive at is that we sit here and we argue back and forth, governments have committees to do work and then we put the work on the shelf. There's a whole sector on research and development. I've heard the arguments you gave this morning and they're really crazy, I'm sorry.

**Hon. Mr. Bennett:** That's your opinion. You can have your opinion.

**Mr. Martel:** The Science Council of Canada says the same thing. There's all kinds of money for R and D.

**Hon. Mr. Bennett:** There is?

**Mr. Martel:** Yes.

**Hon. Mr. Bennett:** Then you ask the Science Council, if they're so sharp, why isn't the research and development money being spent in this country today.

**Mr. Martel:** Because most of the multi-nationals determine where they're going to do it and they don't want to do it here.

**Hon. Mr. Bennett:** I don't think that's correct at all.

**Mr. Martel:** That's quite correct.

**Hon. Mr. Bennett:** No. I do have the opportunity, as a minister, of meeting people in the industrial communities and discussing with them some of the projects for development and some of the long range investment programs, whether it's in the auto industry or any other. You know, you come back to it, that even though they work for multi-national firms a good number of them are Canadians and their first concern is, "What can I contribute to the betterment of the country I've been born in, raised in and educated in, and in which I have a great living?"

**Mr. Martel:** Claude, if you believe that of multi-nationals then we're in serious trouble. They don't have boundary allegiances.

**Hon. Mr. Bennett:** I'm not one who despises multi-national companies. I have some thankfulness for them being here. They have contributed to the economy. Let me tell you, in certain communities—and I'll take one your party happens to represent, Cornwall: we took a little firm in there from Italy, and Mr.

Samis was glad to see it come in. It will employ 150 people in the textile industry, which is hard-pressed in this country today. I didn't hear Mr. Samis or anyone else in Cornwall saying, "We don't want you because you're Italian." They said, "We welcome you because you are bringing a whole new line of production into our community and you're adding to the stability and to the new incomes in our community." That's true of any multi-national company. Let's come back to it.

**Mr. Martel:** But they don't know national boundaries. They don't put the host country's interests ahead of their own, where the parent company might operate from.

**Hon. Mr. Bennett:** I don't agree with you at all. That individual puts a capital investment in here, he has to be concerned about whether the return is going to come on that capital investment and that it becomes a solid capital investment.

**Mr. Martel:** I don't dispute for a minute that he wants a return. I'm saying his concern is not to the host country. His concern is to the multi-national headquarters. They don't have allegiances to boundaries.

**Hon. Mr. Bennett:** I think, Elie, you're trying to be far too simplistic in your attitude.

**Mr. Martel:** I'm not being simplistic at all.

**Mr. Wildman:** If they will get more money somewhere else they will go.

**Mr. Martel:** Let's say that little Italian plant in Cornwall came up with a new innovation; somebody in the plant came up with a new idea and you put a patent out on it. Who derives the maximum benefit from it?

**Hon. Mr. Bennett:** The company I would hope.

**Mr. Martel:** The company, and that flows back which way?

**Hon. Mr. Bennett:** That depends on how their company is established and I wouldn't want to prejudge how it was established. I know they set up a Canadian—

**Mr. Martel:** I'm just using them as an example. Take any of them.

**Hon. Mr. Bennett:** Some of them retain their earnings in the country for further capital investment and advancement of the production system they have, and for upgrading the production system they have. It's great to be general in all our statements, but let's be very honest about it.

**Mr. Martel:** I'm being general in my state-



ments with respect to research and development as it is done by multi-nationals.

**Mr. Wilson:** I am sure I've seen work that indicates that the percentage of R and D by multi-nationals is just as high in Canada as the percentage of R and D by non multi-nationals. Following your argument, the percentage in non multi-nationals in Canada should be much higher. They may be smaller in total but much higher as a percentage because of all of these factors that you've talked about, and I don't think that's so.

**Mr. Wildman:** Generally it's about half of what it is in most industrial countries.

**Mr. Wilson:** Yes, but the distinction is not between multi-nationals and non multi-nationals.

**Mr. Martel:** Yes, but they make the decision where most of the money will be invested in research and development. The multi-national will determine where the money for research and development will be spent.

**Mr. Wilson:** But following your logic the non multi-nationals in Canada should, as a percentage of their sales, have a much higher proportion of R and D.

**Mr. Martel:** And they don't.

**Mr. Wilson:** I'm sure that is not the case.

**Mr. Martel:** No they don't.

**Mr. Wilson:** Then what's your argument? I don't understand your point.

**Mr. Martel:** My argument is that we've got to get research and development done here. What percentage of the companies are Canadian owned?

**Mr. Wilson:** What you're saying is to spend R and D money you've got to be multi-national, that's your first premise.

**Mr. Martel:** No I didn't say that.

**Mr. Wilson:** Okay then non multi-nationals also spend substantial amounts on R and D?

**Mr. Martel:** They spend some.

**Mr. Wilson:** Do they spend anywhere near as much as multi-nationals?

**Mr. Wildman:** They tend to be too small and fractured.

**Mr. Wilson:** I'm just trying to follow your logic.

**Mr. Martel:** They will spend some, but I'm not sure it's the same proportion.

**Mr. Wilson:** You're saying if it's going to be large it has to be multi-national, is that right?

**Mr. Martel:** No.

**Mr. Wilson:** Okay, what are you saying.

**Mr. Martel:** I'm saying a great majority of companies that do business in this country are multi-national, right? We don't get as much research and development there because, in fact, it's to the advantage of the multi-national to do it in the United States.

**Mr. Wilson:** I don't buy that argument.

**Mr. Martel:** But that's what they're doing.

**Mr. Wilson:** Let's presume that's the case—

**Mr. Turner:** Philco-Ford?

**Mr. Martel:** Philco isn't an automotive industry.

**Mr. Turner:** Philco-Ford.

**Mr. Martel:** It used to be TV, I'm not sure, or appliances or whatever.

**Mr. Wilson:** What is your point still? Suppose you're right, then what? What's your next point?

**Mr. Martel:** That there's more research being done by multi-nationals in the States than by multi-nationals in Canada.

**Mr. Wilson:** Now then what?

**Mr. Martel:** Now we have to move to specialization in Canada where we're, in fact, going to encourage and get R and D that remains here, where we derive the benefit from it.

**Mr. Wilson:** Why can't you do that?

**Mr. Martel:** I think because part of the problem is that there are too many companies that are end run.

**Mr. Wilson:** So what we've got to do is get the multi-nationals out, is that the solution?

**Mr. Martel:** No, we've got to start—  
[11:45]

**Mr. Wildman:** The solution is not to encourage further foreign investment that's going to bring more multi-nationals in here if that is the problem.

**Mr. Pope:** Even if it means jobs.

**Mr. Wilson:** It's not a problem.

**Hon. Mr. Bennett:** Let me just make one simple analysis. I think the federal government has the same problem we have. If we could find Canadian funds for industrial development, expansion, technology, research whatever it would be, Canadians willing to venture into some questionable—

**Mr. Martel:** But what—

**Hon. Mr. Bennett:** —let me finish—some questionable operations, fine. But there is no country in this great globe, none, that is



completely, domestically, nationally, financed industrially, none. England, the United States, Japan, they all welcome foreign investment, because it's diversification, and Canada can be no different, nor can Ontario.

You talk about FIRA—you threw in a snide remark about FIRA—let me tell you that in the United States right now there are 29 states that have bills before their Houses that will come very close to FIRA. There are two bills being proposed, or at least being prepared for presentation at the national position in the United States, that will come close to FIRA.

We have other countries in the world that are much more restrictive in foreign investment than this country, not because of national protection, just because they're afraid that some of their money might also wander out of the country. So they lock it in.

Let me tell you, in this country, in my very personal opinion, whether we like it or we don't like it, and I know you don't like it, if we're going to be a country that's going to provide employment for our young people graduating from university and so on, we are going to be relying on foreign investment and technology coming into this country and there's no sense in hiding our head in the sand, because that's a true fact of life. I welcome foreign investment, and I tell you frankly, all foreign investment is good investment providing it plays by the rules that are established federally and provincially in this country.

**Mr. Martel:** Be that as it may, Mr. Chairman, the very fact that the investment tends to either be in the exploitation of natural resources with the manufacturing somewhere else, or it tends to be small branch plants which are merely end run, particularly if its American companies, which do not engage in research and development to any extent. They're end run, and you can pick any field you want, so in fact it stops there.

You produce 10 jobs, but the possibility for creation isn't there, because it serves a limited market. The branch plant is not even built to try and get into a foreign market, it's built primarily to service a small market within Canadian boundaries. We do not really move these companies to produce for export purposes.

I'm not suggesting for a moment you exclude foreign investment. You might take a look at a different type of investment rather than ownership. You've talked about a different type of capital that might come in. That was the select committee's recommendation. There is nowhere that appreciates the exploitation more than northern Ontario, and I

guess eastern Ontario could be added to that.

**Hon. Mr. Bennett:** We've got the federal government down there.

**Mr. Martel:** They're not much better, I'm sorry to say, because we know that in northern Ontario one of the reasons for failure to develop is freight rates, and we can't get the federal government to move on it, despite the fact that 11 of the 14 federal members are Liberal. We haven't been able to get a freight rate reduction in northern Ontario, the highest freight rate zone in Canada, lo, all these years.

**Mr. Eakins:** Do the people continue to reject them?

**Mr. Martel:** Yes, they do. The Ontario Economic Council report said that one of the biggest single factors against development in northern Ontario was the freight rate. It would be nice if your friends in Ottawa, realizing that, would bring freight rates down so that there's a possibility of development. It might be nice if your friends in Ottawa didn't give a preferred rate for raw materials coming out.

Interjection.

**Mr. Martel:** Yes, right. There has been a report done, not by any radical socialist group in northern Ontario but by the chamber of commerce. They are not known for their radicalism, by any stretch of the imagination, although I guess Darcy is now having them investigated by the RCMP, to see who infiltrated the group. It's called "A Profile in Failure." You've read this document I presume?

**Hon. Mr. Bennett:** I read positive documents, not negative documents.

**Mr. Martel:** Well this is a positive document. The chamber of commerce has never been known to support me, lo, all these many years, nor my colleagues.

**Hon. Mr. Bennett:** The new leader of your party was selected by them as one of the outstanding young men in this country about a year ago.

**Mr. Martel:** Be that as it may, they wrote a report which summed up pretty well what TEIGA and what this ministry is doing in respect of northern Ontario.

Your government, of course, put out the Northeastern Ontario Regional Strategy—better known as NORS—didn't you? Let me tell you what they say, just in their opening, you'll relish this, I'm sure you will.

**Hon. Mr. Bennett:** I'm sure, if it's from you I will.

**Mr. Martel:** It doesn't come from me. It

came from the chamber of commerce. It tells you what your financial friends in the Sudbury area, the businessmen in there in northern Ontario, are saying. Look, you jokers have failed. Your plans are useless. I remember the way these plans came down, with the big fanfare in North Bay. You got all the people from North Bay over to Sudbury and John Roberts was there when the first one came down.

**Hon. Mr. Bennett:** It helped the tourist figures.

**Mr. Martel:** There was a whole raft of cabinet ministers, and McKeough read this big green document about this thick, and this was the first phase in the development of northern Ontario. It was lovely. That was 1970, I guess. I think it was just after the Tolman report. Tolman really put it in perspective. He said northern Ontario would continue to be the source of raw material for the megalopolis between Chicago and Toronto and New York. That was the Toronto-centred region plan; you will recall that plan. That's what the Toronto-centred region plan said, that we would be the hinterland for natural resources, and I suspect that although the government of Ontario denies that, in fact, that is still the government of Ontario's policy.

**Mr. Pope:** You can't find anyone who will admit to authoring that report you have.

**Mr. Martel:** Yes, I know who authored it. The chamber of commerce.

**Mr. Pope:** The chamber of commerce won't admit to it.

**Mr. Martel:** What do you mean?

**Mr. Pope:** Ask the chamber, they won't tell you. They deny that.

**Mr. Martel:** It says, "A response prepared for the Ministry of Treasury, Economics and Intergovernmental Affairs by the Sudbury and District Chamber of Commerce." That's what it says; "A Profile in Failure." Let me tell you what it says about the northern Ontario regional strategy: "The NORS is devoid of any strategy of development."

**Hon. Mr. Bennett:** Is this a majority report or a minority report of the committee?

**Mr. Pope:** No one admits to writing it anyway.

**Mr. Martel:** What are you so up tight about? It's a chamber of commerce report?

**Mr. Wildman:** The chamber has printed it and distributed it. They don't do that if they don't agree with it.

**Mr. Pope:** They deny that.

**Mr. Martel:** Let me just put this on the record.

**Hon. Mr. Bennett:** Hold on.

**Mr. Wildman:** They've sent it to every member in the north.

**Hon. Mr. Bennett:** Let Elie put it on the record. You'll likely have it in your next quotation at the election.

**Mr. Martel:** "NORS is devoid of any strategy of development, physical, economical or social. It represents the pinnacle of intellectual bankruptcy of the southern establishment in even analysing the problems of the north, let alone dealing with them effectively."

**Mr. Wildman:** John agrees with you.

**Mr. Martel:** "The only way to deal with NORS is to let it terminate as an expensive receptacle of dust until it glides gracefully (or otherwise) into oblivion. However, we have to give it a decent burial for the sake of propriety. Therefore, what follows is a eulogy enumerating the reasons why the NORS should be relegated to the realm of irrelevance."

"The fundamental problems with NORS can be summed up as a troika of noes; no strategy, no analysis and no programs. Therefore, no use."

**Hon. Mr. Bennett:** Was that your quote in the report?

**Mr. Martel:** No, they didn't ask me for any input, but it resembles things I have been saying for 10 years around here, that in fact the government of Ontario has no strategy and has no solutions for the proper development of the north.

**Mr. Turner:** The trouble is that you've been saying that for so long you've come to believe it.

**Mr. Martel:** Well, I believed it a long time ago. You should be saying it, John, in eastern Ontario; you might be saying some of it too.

**Hon. Mr. Bennett:** We are.

**Mr. Martel:** But anyway, be that as it may, it's obvious that your friends are realizing—

**Hon. Mr. Bennett:** Hold on, let's qualify who my friends happen to be.

**Mr. Martel:** You mean you've divorced yourself from them, have you?

**Hon. Mr. Bennett:** No. I never divorce myself from anything, not even from some of your friends whom I enjoy talking to because it gives me the other perspective on life. I don't altogether buy their views, but at least it keeps me in balance sometimes. I get a little too far to the right on occasions—

**Mr. Martel:** You do?

**Hon. Mr. Bennett:** —and some of your friends bring me back a little bit closer to centre, not too much closer but a little.

**Mr. Martel:** You are right about that. I want to tell you that getting you close to centre would take a team of wild horses.

**Hon. Mr. Bennett:** The friends of yours that I've met in the last few months are more profit-oriented than I am. I can't figure out what the hell is happening to your group.

**Mr. Lane:** Mr. Chairman, I want to ask a supplementary question on this particular matter that Elie is hanging his hat on, this report of the chamber of commerce. I did a survey of the north a year ago in my efforts to try to get a ministry for the north. I sent out over 300 letters and the chamber of commerce in Sudbury got one of them. I had been there before and had spoken to them about the matter, but they weren't interested enough to put a 12 cent stamp on a letter to say whether they were interested in a ministry or whether they weren't.

**Mr. Martel:** Well, I don't blame them.

**Mr. Lane:** Then when that regional office didn't go to Sudbury they were raising hell because there were no jobs resulting from the ministry of the north in Sudbury. But they didn't have enough interest among their membership to even reply to my letter one way or another.

**Mr. Wildman:** Thunder Bay Chamber of Commerce replied; they said they didn't want it.

**Mr. Lane:** The elected people of Sudbury did. I had support from the elected people of Sudbury, but from the chamber of commerce the response was nil.

**Mr. Martel:** Well, that ministry won't be around five years from now. Once Leo leaves the ministry will go.

**Mr. Lane:** You've always taken a negative attitude everywhere. It might surprise you to find five years down the road that this ministry is doing very well.

**Hon. Mr. Bennett:** Let me just go back to the record. We hear quite often about people who are very critical of the federal development bank, the development corporations and the private financial institutions of the country. But a number of them are critical because their own applications haven't been accepted. Someone has to determine whether the fellow is going to make a profit at the end of day and whether he will be in a position to return the funds that have been advanced in a capital investment; and often they can't see light at the end of the tunnel. If there is one thing you

don't want to do in a financial arrangement it is to encourage somebody to establish something in a community, to build up hope that there will be some employment for a period of years, only to find that before the thing is completed there is no working capital and the thing has gone belly-up. The dream is then destroyed, both for the investor and for the community receiving the industry. However, more specifically relating to the financial institutions, the banks in this country have had some protection over the years, no one is going to deny that. They have had a very golden opportunity to work effectively and efficiently; and protectively of investor's money, your money and my money deposited in the bank. That's good.

The Bank Act is under review right now and this ministry has had a part to play in putting forward some of its views on how we think some programs within the national legislation should be framed so as to accommodate small industries, small businesses and investors to a greater extent. And that's easy for us to say, because I don't have to answer to the shareholders of the Toronto Dominion Bank when the bank loses a million dollars on one of the projects here in this province or \$5 million on some other project. It's very simple for me to tell you that you should be more general in your loans, but I don't have to answer to the poor shareholder who all of a sudden finds there is a \$5 million write-off in the books.

But we have had an input. I think your party, nationally if not provincially, has had some input, because I know they have spoken on the Bank Act on several occasions. I think maybe relaxation of some of the requirements in the bank situation is expanding the number of people who can participate in banking in this country; and that could very well bring a new era of loan opportunity, debenture capital and so on, to the Canadian economy; not to Ontario specifically but to the Canadian economy. You know, the banks in the United States are looking to come in, and other foreign banks—whether they be Swiss, French, English, Japanese or whatever else—are all making applications—or are at least on the perch down here at the Toronto-Dominion Centre and Commerce Court; all with one-room offices observing very closely what's going on so that if the day comes when the Act is loosened up, they're ready to jump at the opportunity to participate in the Canadian economy.

[12:00]



How far the Canadian government will go, I have no idea. We encourage it because we think there could be some favourable results from it.

Canadian banks, in fairness to them, have not opposed it completely. They have asked that some of the controls they experience as private institutions operating in foreign countries of the world should be applicable to the foreign banks operating in this country, either that or a loosening up of those regulations in the foreign country, whether it be in Japan or England or any other country. In other words, we should, basically, be getting into a reciprocal deal with some of these countries.

That I have to agree with too. You cannot give carte blanche approval for foreign banks to operate in this country when they won't allow the same opportunity for Canadian subsidiaries to participate in banking operations through Canadian subsidiaries operating in other countries of the world.

That's the one thing about the Bank Act. I am very confident there will be a loosening of it and it will likely be to the advantage of the business community.

**Mr. Martel:** I hope so.

**Hon. Mr. Bennett:** The one thing about the unemployment figure is that we all recognize that it is high. The province of Ontario, I suppose, can be somewhat pleased with the fact that it doesn't rise to the national average, even though we're only one per cent or thereabouts below it. But there are more people employed in this province and in this country than ever before in the history of the country. So, I admit that the unemployment is high, but I feel that industry, with government assistance—and I don't think the public sector employment factor should rise that rapidly, as that's one of the imbalances we have to cope with in the inflationary picture being dealt with by governments at all levels—but industry and government working together have increased employment.

**Mr. Martel:** Let me ask the minister something on that point, because that's where it comes down to what do you do? You're right, there are more jobs in Canada than ever before; at the same time there are more people unemployed. It might be right that you don't think government should have more people employed in government operations, because it's an imbalance. Industry itself can't create sufficient jobs to meet the needs of a very rich country with only 22 million people.

What do you do next? That's the dilemma. Your philosophy is, "We can ride it out. We can try. We can make a few concessions, but

we'll have to ride it out." I'm saying that's not good enough. I'm saying we can't sit by and create meaningless jobs as we were wont to do for three or four years through the federal programs. It means that we then have to start some pretty careful planning of our economy. It might mean more of a mixed type of economy. I know that will frighten the heck out of you.

**Hon. Mr. Bennett:** Why?

**Mr. Martel:** It seems to me that maybe it's time we started doing what West Germany is doing.

**Hon. Mr. Bennett:** Analyse what you mean by "mixed economy" because it doesn't frighten me.

**Mr. Martel:** Private and public money combined, where the government has sort of a joint venture, let's say. But in doing that you have to study where we're strong and where we're weak. It's one of the analyses we attempted to do on the select committee, to determine where we could move.

**Hon. Mr. Bennett:** Let me interrupt you there for just a moment. No one in this government is really going to object to that, providing that if you're going to open up a particular sector of the economy with public funding, it's on the same basis as you would expect a private corporation to operate—

**Mr. Martel:** That's fine.

**Hon. Mr. Bennett:** —which is at least at break even or profit. That's not the philosophy of a lot of countries. They go in with government funding strictly to maintain something.

**Mr. Martel:** You did that at Minaki.

**Hon. Mr. Bennett:** I'm not going to deny that because I thought—

**Mr. Martel:** It was a bankrupt—

**Hon. Mr. Bennett:** You were yelling about the north.

**Mr. Martel:** No.

**Hon. Mr. Bennett:** Oh, yes. You want it both ways. If it works out, it was great, it was your idea; if it fails, it was the government's.

**Mr. Martel:** Minaki was no solution to any problem of unemployment in the north, that's nonsense.

**Hon. Mr. Bennett:** I'd like to be at the opening of Minaki and see Elie Martel and the rest saying, "You see—

**Mr. Martel:** You won't.

**Hon. Mr. Bennett:** "—we pushed for the north and we got it." In this day and age—

**Mr. Martel:** If you're going to get involved—

**Hon. Mr. Bennett:** —when it's not successful at the moment, it's easy to criticize.

**Mr. Martel:** —don't bail out some bankrupt outfit. That's what we've been wont to do. Whenever governments get involved they're bailing out some bankrupt outfit. Why don't we start putting our money where in fact we have an opportunity to get some type of return? We've got to take our chances with losing too, but we never seem to go with winners.

**Hon. Mr. Bennett:** NODC has done pretty well.

**Mr. Martel:** This whole country has got a history of picking up bankrupt companies. One can look at Hawker Siddeley; it made money for a while but it's in a rough position. One looks at the CNR; it was brought together when it was a bankrupt bucket of bolts.

**An hon. member:** Which one?

**Mr. Martel:** Put the CNR, when it was finally purchased and put together. We're still paying off some of the lords and barons.

**Hon. Mr. Bennett:** You've missed the point.

**Mr. Martel:** No, no; you've missed the point. You don't want to invest money. You're prepared to invest money in things where you don't even have a hope in hell of getting a return. You're not prepared to put money in where you have a good chance, or even to initiate it. I look at mining equipment which could have a bright future for Canada, where we could get into world markets, where we have a world market of our own here because there's that much mining going on.

There's an opportunity for you, Claude, if you want to invest some money. Start to put together, with government and public money, a corporation in the Sudbury area which will do research and development in conjunction with the university, and start to turn out the scoop trams which we now purchase from some company; every time we put one underground it costs us 16 jobs, every time we buy a piece of equipment from a foreign company of that size we're putting 16 underground workers out of work.

**Hon. Mr. Bennett:** You're against the mechanical age?

**Mr. Martel:** No, I'm saying let's get in on it rather than be an outsider. Let's get in on the action.

**Hon. Mr. Bennett:** You talk about manufacturing mining equipment. We have Jarvis

Clark in North Bay. It's been extremely successful; and why?

**Mr. Martel:** Because it's small.

**Hon. Mr. Bennett:** Because of the knowledge they have gained over the years in working in the mines in Sudbury with Inco, Falconbridge and so on. Jarvis Clark has been extremely successful in establishing some very interesting markets in foreign countries.

**Mr. Martel:** Right.

**Hon. Mr. Bennett:** That is one of the companies that we can brag about in this country; and the research, technology and development is all Canadian.

**Mr. Martel:** That's precisely what I'm talking about.

**Hon. Mr. Bennett:** Elie, you're not going to capture all. The one thing we must keep clearly in mind is that if we had a sole right to mining in the world—

**Mr. Martel:** We don't.

**Hon. Mr. Bennett:** Thank you, as long as you recognize that.

**Mr. Martel:** We don't have the ore bodies that belong to the people in Namibia. They belong to the people in Namibia, they don't belong to the people at Sudbury.

**Hon. Mr. Bennett:** Mr. Fleck said earlier: "You're in a great trading position if you own everything." You control the markets as the Middle East does with that little thing known as oil, you make people bend to your way of life.

**Mr. Martel:** That's what Floyd was talking about a while ago, though, we did control a product. When I was still going to school we were still producing 90 per cent of the world's nickel. Sure there were other deposits, but they were not coming on stream fast enough, and we could have used that as a lever to extract from Inco some diversification here in Canada. They're doing it in Wales, they're doing it in the United States, they've now brought into battery plants; but they aren't doing anything for Canada outside of exploiting the natural resources.

**Hon. Mr. Bennett:** They're not providing any employment then?

**Mr. Martel:** That's what I said, outside of exploiting the resources.

**Hon. Mr. Bennett:** They're not providing any employment? There are 14,000 jobs but that's meaningless to you?

**Mr. Martel:** But it's going down regularly and it's going to continue unless we get diversification, Claude. We're in trouble, we're in serious trouble. You can't put a



scoop tram underground and remove 16 jobs unless you're going to have something planned between government and business to fill some of that void. You simply can't go on. Your solutions aren't working. I'm not a great advocate of nationalizing anything except the natural resources.

**Hon. Mr. Bennett:** Underline those words.

**Mr. Martel:** I'm not going to back down from the resources. I say we must control the exploitation and the production of resources, as do most European countries. They do not allow this exploitation. Britain got into the oil fields and took a 50 per cent cut for herself; it was a Crown corporation under a Tory government; Chattaway was in charge at the time. We met with him.

It's total nonsense, because those countries realize too that you can't allow multinationals to control the exploitation of natural resources and hive them off wherever they want for manufacturing purposes. In fact there is no percentage there. That is why countries like West Germany, Sweden, France, England are themselves heavily involved in the exploitation of natural resources. Either through nationals, or nationals and the government of the day, they are involved in planned exploitation and retaining some say in where the manufacturing of those resources will occur.

We don't use that as leverage at all. Nobody knows this better than people from northern Ontario who watch the exploitation, who don't see a job related to the processing or the manufacturing of those resources in the north. That is why we resent it so much.

Show us some jobs for our young people in manufacturing those resources. We will be delighted. Show us. That is what my colleague was really talking about when he and Mr. Fleck engaged in their argument about refining. Show us the refining. Instead of putting a rolling mill at Huntington, in the United States, why couldn't that mill have gone into the Sudbury basin?

I don't think the companies are deliberately colluding. What happens is they are businessmen and they know somebody down in the United States who is willing to put up a little collateral. They deal on Jesse James Street, and they put a little—well, they put up a lot to establish themselves, but they do it because that is where their business ties are. Somehow you have to break some of that, and to do so you have to get squarely involved.

I am not saying take over; I am not saying that at all. It might mean, as I have suggested, some government participation. In

West Germany the government is involved in 650 companies. They have a fairly stable economy. Sweden, which has more free enterprise—

**Hon. Mr. Bennett:** Don't pass over that subject so lightly, please. You know they have quite a different situation in the Federal Republic of West Germany.

**Mr. Martel:** Oh yes, sure; population.

**Hon. Mr. Bennett:** Not only that, they have another little thing that they have a fair control on—I use the word "control" because of numbers only—and that is that they have six unions to deal with. That is all.

**Mr. Martel:** Sixteen.

**Hon. Mr. Bennett:** Six.

**Mr. Martel:** Sixteen.

**Hon. Mr. Bennett:** Helmut Schmidt was here not so many months ago and in the conversation he said, "I have six unions to deal with and that is it."

**Mr. Martel:** You ask your colleague Handelman, because he was with us when we visited them in Germany.

**Hon. Mr. Bennett:** Schmidt is the man who really is the chancellor of that country, and he is a socialist.

**Mr. Martel:** He might have been talking about a particular sector.

**Hon. Mr. Bennett:** He is a socialist who is the first fellow I have heard say, "I had to reason with the unions in my country and tell them, 'Fellows, let's be honest. The name of the game is making a profit, and the moment you have Volkswagen not making a profit and you have the other companies not making a profit in this country, you can be sure of one thing, there will not be the meaningful employment you have at the moment. You keep in mind you can ask for the sky, but you had better be satisfied with something realistic. If you go too high in the export business you have nothing coming in.'"

**Mr. Martel:** Right.

**Hon. Mr. Bennett:** And I was rather pleased to hear a fellow like the Chancellor of the Federal Republic of West Germany speaking on this.

**Mr. Martel:** But on the other hand, if they had enough sense to get involved themselves, to ensure some proper planning, some proper economic development, in conjunction with the business community, I don't dispute that for a moment. I am saying what happens here is that we seem to limp along, hoping that another hand out or some type of concession will in fact entice somebody to come



to Canada, will entice somebody to open up a plant.

I don't think they just sit idly back and watch it. I think they get out and actively try to help it develop. I think what happens in Canada is we are so hidebound in what we think free enterprise is that we keep a hands off policy, except to say, "We'll talk to you. We will point you in the right direction."

Maybe it is time that we were involved four-square in planning an economy that is going to meet the needs of our people. Because we are rich—that is what I always find so strange, a country that is so rich in wealth, in natural resources, has done so poorly in many ways. We have a very affluent community, yet it is a kind of a false thing because when the boom-bust occurs—as it does, it is cyclical—tremendous numbers of people are affected.

I heard Gillies from Ottawa saying the other day that we should continue and be proud of the fact we are drawers of water and hewers of wood and that is where we excel. But that industry is capital-intensive, that exploitation. You have to move some day to realize that you are not going to create enough jobs in that sector to meet the needs of northern Ontario. There is no way. I think the layoff at Inco is just an example. I envisage the day that Inco will produce as much with an even smaller work force.

We have to have something in its place. That is where the government of Ontario fails us, because to this time the government of Ontario hasn't done a thing to alleviate the problem of the Inco layoff. I would like to know what you are going to do with 6,000 people unemployed.

[12:15]

As I said to the Treasurer the other day, that would wipe out a Chatham, I suppose, or it would wipe out a Barrie if you took 6,000 jobs out of a community the size of Barrie. According to the people I've met with in Sudbury from the regional council, the planning people, we are talking about anywhere from 20,000 to 25,000 people being ultimately affected when that whole ripple effect is finished.

I'm not talking jobs, I'm talking people. That's roughly the size of Barrie. The type of announcement by Inco two weeks ago would wipe out a town like Chatham or a town like Barrie. The response by the government of Ontario to this time today on how we're going to overcome that has been less than adequate. In fact it's been almost non-existent.

I think it's a failure. And what's wrong,

the malaise that is in northern Ontario, is you have no place to put these workers who are laid off. Even in Barrie, if you laid them off there, they could commute down here maybe to get a job, and get back and forth daily; but in Sudbury, they're not going up to Ed Havrot's area to get jobs, there aren't any. There aren't any over in Elliot Lake, except—

**Hon. Mr. Bennett:** Now hold on, hold on.

**Mr. Martel:** In Elliot Lake, pardon me, they don't have houses.

**Mr. Wildman:** No houses there, of course.

**Mr. Martel:** They're going to sleep in tents.

Again it's symbolic of what's happened to the north. We've gone in, we've ripped out, we've moved on, and there are no jobs.

**Hon. Mr. Bennett:** And do you know one of the reasons the north has troubles?

**Mr. Martel:** Why?

**Hon. Mr. Bennett:** Because everybody who talks down and diminishes, reduces the potential of the area and is helping to perpetuate some of the problems you're talking about.

People who are optimists usually become very successful because they see the brighter side of life and they keep working toward it. I've been around this House only six short years; and I think Jack, you've been here five. Elie, I've been in your community many times with you as well, and I tell you Sudbury's still a good community.

Don't tell me everything is bad in Sudbury. There are some labour problems there and I'm going to give you one example. You talk about Sudbury. I fully accept the problem of the major announcement that Inco made and how it would affect Barrie. But Barrie has no industries that size, so that's another thing; you've got to keep things in perspective.

The little community in eastern Ontario that I'm concerned about, Almonte, has a particular industry, Zephyr Textiles. In a small community like Almonte, Zephyr employs 150 people. Zephyr was taken over two-and-one-half years ago by a Montreal-based firm, Canadian-owned. Zephyr found out that its investment in Almonte was substantial, its production per hour was better than in any of its other plants, but it had a new capital investment that was made some years ago in Ormstown, Quebec.

So what has it done? They've now decided within the management of this Canadian-owned company, underlining the word Canadian-owned, it's not a multi-national,

to transfer the production in Almonte, Ontario, to Ormstown, Quebec, meaning 150 people in Almonte, 20 per cent of the labour force of Almonte, are unemployed as of January 1, 1978.

**Mr. Martel:** That's what Sudbury has.

**Hon. Mr. Bennett:** In a small town that becomes an even greater crisis. Don't tell me that 2,200 or 2,800 people is 20 per cent of the work force of Sudbury.

**Mr. Martel:** There are 10 per cent unemployed in Sudbury now.

**Hon. Mr. Bennett:** I don't know what the unemployment is in Sudbury.

**Mr. Martel:** It's 10 per cent now.

**Hon. Mr. Bennett:** In Almonte we're not finding any takers for textile workers because the whole market is depressed.

**Mr. Martel:** Right.

**Hon. Mr. Bennett:** But we have found out, by Inco's indications and what the Premier reported in the House last week, that there are a number of mining concerns across this country that are interested in employing the services of those miners who will be laid off over the next period of time.

**Mr. Martel:** And what effect do you think that's going to have if you move those 2,200 and 2,800 from Falconbridge, and from the subsequent lay offs in the other small businesses another 3,000? What effect is that going to have on that community? It's going to reach over 20 per cent when the lay offs are finished. And when I come back to you, you say, "People aren't optimistic." Up until ten years ago the whole area was represented by Tories—

**Hon. Mr. Bennett:** Why don't you talk about some of the plus signs in the north?

**Mr. Martel:** What?

**Mr. Wildman:** Resources, that's all.

**Mr. Martel:** It's beyond resources.

**Mr. Wildman:** You've got resources, you've got natural environment, you've got a quality of life that, compared to trying to run around in a concrete jungle—

**Mr. Wildman:** Don't talk to Sudbury about that.

**Hon. Mr. Bennett:** I've been on Ramsey Lake; I've been on a few of the other lakes in and around Sudbury. Don't tell me that's not quality living.

**Mr. Martel:** Don't talk to me about a quality of life when you haven't got jobs.

**Hon. Mr. Bennett:** Even the member from up there has a very interesting home; you have an investment in that community which

I compliment you for. You are showing your confidence in the north, and that's what we need. You should speak of it in a very enlightening way.

**Mr. Martel:** Tell me about the 20 per cent—

**Mr. Wildman:** Whatever do you mean about a democratic not being an optimist? You have to be an optimist to—

**Hon. Mr. Bennett:** To put \$100,000 into a home, yes.

**Mr. Martel:** I wish I had the \$100,000.

**Hon. Mr. Bennett:** Between you and one of those private mortgage companies, you're partners. I didn't know you'd ever join with a capitalist to get into some kind of an enterprise such as you're in with the home.

**Mr. Martel:** I had to live somewhere.

**Hon. Mr. Bennett:** They're not such a bad lot. They made it as a result of some profits—

**Mr. Martel:** You can worship private enterprise if you want. I think it has a place—

**Hon. Mr. Bennett:** I worship in church.

**Mr. Martel:** You worship insurance companies. Right.

**Hon. Mr. Bennett:** I worship in church and I respect private enterprise for what they've done to build social—

**Mr. Martel:** And the taxpayers have paid a good share of that. That's where you and I differ. That's where you and I part company. I'm saying that if it's so good—

**Hon. Mr. Bennett:** Why do you say that taxpayers paid a share of it?

**Mr. Martel:** In the various concessions we make. If you're going to—

**Hon. Mr. Bennett:** As Mr. Fleck said, "Tax is taken".

**Mr. Martel:** Well, he can word it the way he wants.

**Hon. Mr. Bennett:** You must remember the taxpayers are also shareholders in most of these.

**Mr. Martel:** I can word things that suit my particular bent when I want—

**Hon. Mr. Bennett:** That is so true.

**Mr. Martel:** —and that's what Mr. Fleck is doing as a businessman. That's what he's doing. He wants to see it in this light, but because they pay less taxes it means that the rest of us pay a little more. I'm just saying that your policies to date in northern Ontario, as this report indicated, not with respect to resolving the short-term problem in the Sudbury basin today, but the overall problem of the north for many, many years



continue to prevail, and you know something, you haven't got a program in place to alter it. You haven't got a program in place that's going to change to bring manufacturing, let's say, to the north. You haven't. You've got no way of doing it.

**Hon. Mr. Bennett:** Now, let's not be so—

**Mr. Martel:** Tell me what you manufacture?

**Hon. Mr. Bennett:** When you talk about manufacturing you're talking about business opportunities.

**Mr. Martel:** I'm talking about the creation of new wealth.

**Hon. Mr. Bennett:** I would think that manufacturing opportunity really has some relationship to—

**Mr. Martel:** Okay. All right. What are we manufacturing in the north?

**Hon. Mr. Bennett:** The government is continuing to try to encourage people to move into the north. There have been some new investments in the north even in your riding, because of a little thing known as the Northern Ontario Development Corporation and today two orders in council went through for a little riding known as Sudbury—what is it—East?

**Mr. Martel:** Great place to be. They've got a good member.

**Hon. Mr. Bennett:** I agree, that's why we put the money into these communities, because we think they're going to add some new wealth and opportunities in your community that you represent.

**Mr. Martel:** You don't have a program to resolve the problems.

**Hon. Mr. Bennett:** What you're saying to me is, can we say to General Motors, "You're going to put a plant in Sudbury."

**Mr. Martel:** No, no.

**Hon. Mr. Bennett:** What we do is try to present the opportunities of being in the north to companies which want to invest.

**Mr. Martel:** Let's take it the extra steps.

**Hon. Mr. Bennett:** Sure. Any step you want.

**Mr. Martel:** You reach that point. You tell them, "Look, this a great place to invest. Come and invest," and they say, "Well, no, we're not going to." What do you do then, Claude?

**Hon. Mr. Bennett:** I beg your pardon? I didn't understand that.

**Mr. Martel:** What do you do then? What do your governments do then?

**Hon. Mr. Bennett:** If they say they don't want to invest in the north?

**Mr. Martel:** Yes.

**Hon. Mr. Bennett:** We still live in what we call a free society.

**Mr. Martel:** Fine. Fine.

**Hon. Mr. Bennett:** Just let me finish.

**Mr. Martel:** Go ahead.

**Hon. Mr. Bennett:** A man can pick and choose to invest his money in Ontario—

**Mr. Martel:** Right on.

**Hon. Mr. Bennett:** —in Canada—

**Mr. Martel:** Right on.

**Hon. Mr. Bennett:** —or any other country in the world.

**Mr. Martel:** Right.

**Hon. Mr. Bennett:** As long as there's nowhere else that he can go and settle because of the disturbances, then we are in a control position, but that doesn't happen to be the case. So do you think that I'm going to apply pressure upon them?

**Mr. Martel:** No.

**Hon. Mr. Bennett:** I will offer them some incentives, through the development corporation, to locate—and that's what we've offered. What you would do, of course, is offer them a penalty program; that if he establishes in Toronto he pays extra taxes. Well, I'm not about to do that and I'm going to tell you why. He can go down south of the border. If you listened to the member for Ottawa East yesterday talking about something that he knows very little about, the fact remains that there are some going down below the border to be competitive in their potential in the United States market position. That doesn't mean to say that they've closed the Canadian operation.

**Mr. Martel:** You haven't answered the question, though, Claude.

**Hon. Mr. Bennett:** You asked me what I would do.

**Mr. Martel:** That's right.

**Hon. Mr. Bennett:** I said I wouldn't use force.

**Mr. Martel:** You said, "We can't force the guy to invest," and you're quite right and I don't want to.

**Hon. Mr. Bennett:** Right.

**Mr. Martel:** I don't think you can say to company X, "You're going there whether you like it or not." What do you do then? You do without the jobs. That's your answer, isn't it?

**Hon. Mr. Bennett:** No, no. No, no.



**Mr. Martel:** No what?

**Hon. Mr. Bennett:** What we do, first of all—and you know it very well, because you've been around these estimates longer than I have; you've been through the programs, you've had personal discussions with me and people in my ministry, and I appreciate your wanting to get it in the Hansard for people back home—

**Mr. Martel:** No, I never said that. I did that a long time ago.

**Hon. Mr. Bennett:**—and I do too, because I think that it's important that the people in the north know that we have—

**Mr. Eakins:** Mr. Miller might like to ask some questions for Hansard too.

**Hon. Mr. Bennett:** We have very simply this, Elie. We meet a man, we bring him here and we show him what we believe to be the potential locations for his production—for manpower, for resourcing of materials, for energy, water; whatever else it might be. Obviously if we can get the product, or the manufacture into the northern part of the province, we'll put our emphasis on that. If it's his determination that he doesn't want to go there, then we'll try to succeed in getting him to locate somewhere in this province, in an area of second and third choice that we think will be good for the advancement of the economy. We do that through the ministry, through the EODC and through the NODC. Those are some of the tools we have.

There's also a thing known as DREE that we have, thankfully, from the federal government; and at times we can make use of ARDA in trying to offer some financial advantage on the capital investment side and in the first five years of operation to make it favourable for them to locate here.

**Mr. Martel:** And when he says no what do you do.

**Hon. Mr. Bennett:** No about which? You mean in the province at all?

**Mr. Martel:** No I'm not going there. What's your answer then to resolving the problem of that particular area that needs jobs if he says he's not going there?

**Hon. Mr. Bennett:** If he says he will not invest in the first location, then as I said we will follow with the second.

**Mr. Martel:** Okay, but I'm saying that the area needs work. The area needs jobs for the young people they're educating. What steps do we then take? What levers do we apply? None. What I'm saying is if they go we're thankful; if they don't go it's ball game over.

**Hon. Mr. Bennett:** If it's his industry I'm not—

**Mr. Martel:** Okay, but that's the point I'm driving at. You reach that stage. You have no other tools. You wouldn't have the courage to say, "Maybe we'll develop one ourselves because we need jobs."

**Hon. Mr. Bennett:** You have to interest them in the north. People who already live there and want to remain there and who have ideas; who have prospects and that's one of the reasons they don't want to leave.

**Mr. Martel:** If nobody else is going to get involved to create work in areas that desperately need it, what's left outside of government creating work? I'm not talking about the crazy type of winter works programs we have seen the federal government introduce in the last five years, that's nuts. It's short term, it's deceitful in that it just misleads kids into thinking they've got a future; it's a dead end, it's a waste of money. I don't want to see money invested that way, it's crazy.

**Hon. Mr. Bennett:** You don't have any argument with me on that.

**Mr. Martel:** But if nobody else is going to do it, surely it's the responsibility for government then to say "We need the work there; we'll have to move in."

**Hon. Mr. Bennett:** Elie, you have been a member for years and years and what have you done as a member to help create faith in Sudbury and in Inco? If we get all the Hansards together since I've been down here for six years and listen to the bad things that Inco has done to Sudbury and the bad people they are they should leave altogether. They shouldn't just take a few jobs out, they should leave because you said they should.

**Mr. Martel:** The interesting thing—

**Hon. Mr. Bennett:** They're bad people.

**Mr. Martel:** The interesting thing about dealing with people like that is—

**Hon. Mr. Bennett:** You as a member should be trying to enhance your own city. You made it sound so bad that time we took that northern trip some members thought we should have gas masks in Sudbury. You didn't show up at the station to meet us because you couldn't confirm what you had said in the House.

**Mr. Martel:** I want to tell you that the Sudbury Basin is a much better place because of my 10 years of making this government clean up the mess they allowed Inco to create.

**Hon. Mr. Bennett:** But you can't deny what I just said. You can't deny it, because it's on the record.

Mr. Martel: We helped to clean it up. It's a much cleaner city than it was 10 years ago.

Hon. Mr. Bennett: The capital investor in Inco, the shareholders—

Mr. Martel: Aw, they did it because they were forced into it by government. If they had had their way they would have allowed it to continue the way it was going.

Hon. Mr. Bennett: You talk as if the industrialists had no compassion for society in—

Mr. Martel: None at all.

Hon. Mr. Bennett: Bull.

Mr. Chairman: Thank you very much, gentlemen.

Hon. Mr. Bennett: Elie, you know they've got growing families and grandchildren, and they are as concerned about their future as you and I are about our families.

Mr. Chairman: We will adjourn until 10:00 o'clock tomorrow morning. Thank you very much.

The committee adjourned at 12:30 p.m.

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Bolan, M. (Nipissing L)

Eakins, J. (Victoria-Haliburton L)

Haggerty, R. (Erie L)

Havrot, E.; Chairman (Timiskaming PC)

Lane, J. (Algoma-Manitoulin PC)

Laughren, F. (Nickel Belt NDP)

Martel, E. W. (Sudbury East NDP)

Miller, G. I. (Haldimand-Norfolk L)

Newman, B. (Windsor-Walkerville L)

Pope, A. (Cochrane South PC)

Turner, J. (Peterborough PC)

Wildman, B. (Algoma NDP)

Ministry of Industry and Tourism officials taking part:

Fleck, J. D., Deputy Minister

Ritchie, W. G., Executive Director, Administration Division

Wilson, L. R., Executive Director, Policy and Priorities Division

York, P. A., Assistant Deputy Minister









No. R-24

# Legislature of Ontario Debates

## Official Report (Hansard) Daily Edition

**Resources Development Committee**

Estimates, Ministry of Industry and Tourism



**First Session, 31st Parliament**

Thursday, November 3, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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# LEGISLATURE OF ONTARIO

THURSDAY, NOVEMBER 3, 1977

The committee met at 10:15 a.m.

## ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM (continued)

On vote 2202, policy and priorities program:

**Mr. G. I. Miller:** Thank you, Mr. Chairman, for the opportunity of bringing a few things to the attention of the minister. First of all, we had a long speech by Mr. Martel from Sudbury on the problems there and we realize there are problems. I notice the report we have received here on Ontario exports mentions the automobile industry, but I can't see anything there on the farm machine industry in regard to importing and exporting and the balance of trade. Has it been singled out, because I think you are well aware that we are importing perhaps all our tractors? How is the balance of trade there?

**Hon. Mr. Bennett:** I'll have to ask about that. I don't know whether we have a breakdown on farm machinery or just machinery.

**Mr. G. I. Miller:** And farm equipment.

**Hon. Mr. Bennett:** I know we have some exports also.

**Mr. G. I. Miller:** It goes all ways. I just wondered how much emphasis is being placed on expanding our own production of machinery.

**Hon. Mr. Bennett:** It is extensive. Massey-Ferguson, International Harvester, John Deere and some of the others have all had opportunities of locating here. I will admit some foreign firms have moved in in the last few years. A new Russian tractor—I forget the name of it—came into this country. I don't know its capabilities.

**Mr. G. I. Miller:** I just wondered if we could focus in on it a little further.

**Hon. Mr. Bennett:** We are doing a fair job in exporting to some countries in the world, particularly through Massey-Ferguson, both in technology and in actual equipment.

**Mr. G. I. Miller:** They have been doing that for many years.

**Hon. Mr. Bennett:** There is one thing that stands to our credit in the world. Anywhere

you go, if you mention Massey-Ferguson, it is immediately related to Canada. It is a credit to us. I'll see if we have a breakdown. I don't know whether we or the bureau of statistics has an actual breakdown.

**Mr. Fleck:** There's "hay and harvesting machinery" which would be the closest I can see in here. It's under Ontario exports of end products. It shows that it is two to three per cent of our total end products exports. End products were about \$10 billion and three per cent of that would be about \$300 million. It's between \$200 million and \$300 million. That's in hay and harvesting. That would just be a part of it.

**Mr. G. I. Miller:** Of all our tractors the only Canadian one I know of is the Versatile, which was made in Winnipeg. Incidentally, I think the western provinces are focusing a little more attention on developing their own equipment through Versatile and some other companies. I think there should be more attention and maybe a little more emphasis focused in that direction, plus that report providing the same information as for the automobile industry. It is pretty extensive and it is obvious that it's the biggest export that we have.

**Mr. Fleck:** The automobile would be about 70 per cent, rather than the three per cent.

**Mr. G. I. Miller:** I just bring that to your attention. Another thing that concerns me, particularly at this time, is what research if any is being done with regard to recycling equipment and on that particular industry?

**Hon. Mr. Bennett:** Are you talking about full plant operation?

**Mr. G. I. Miller:** Yes. Is there any research and what is our strategy for the future for jobs? I just wondered if anything has been done.

**Mr. Fleck:** Extensive work is being done in the Ministry of the Environment on that. I know there is a file of plans on recycling garbage.

**Mr. G. I. Miller:** Recycling? My interpretation is that there is sorting of garbage.

**Mr. Fleck:** There is sorting but, in addition to sorting, on the metal, for instance, they would be recycling. The first part is the

sorting process. Then as they get it into different elements some of them can be recycled or processed for reuse.

**Mr. Eakins:** Is that part of your research?

**Mr. Fleck:** It's not part of our research but of the Ministry of the Environment. The Ontario Research Foundation, which we help fund, is doing quite a bit of that work for the Ministry of the Environment and for themselves.

**Mr. Eakins:** That's not part of the research mentioned here. It comes under a different vote, does it?

**Mr. Fleck:** No, it is not. We don't fund any of that here at all.

**Mr. G. I. Miller:** You don't? You don't fund the Research Foundation at all?

**Mr. Fleck:** Oh, excuse me. The Ontario Research Foundation receives from us just over \$3 million. That's by way of a grant. It is not tied to a specific research project, but it is tied to the fact that they have to obtain in the market industrial research from non-government sources of an amount at least equal to what we are giving them. In other words, we are no more than dollar-for-dollar on that and that is to support the type of work that they are doing for industry.

Some of the work that they are doing is in the area that you are talking about so indirectly we may be providing support for it in that way. But not in this vote, no.

**Mr. G. I. Miller:** But not in this vote.

**Mr. Fleck:** No, it is in the vote for another section of the ministry, the industry and trade division.

**Mr. Chairman:** Do you have any further questions, Mr. Miller?

**Mr. G. I. Miller:** I was only on the recycling aspect. Industrial waste is another one. Again, I think we are in a very critical period of time now. They are trying to establish the first industrial waste disposal lagoon in Ontario. There is none other. It seems to me that Industry and Tourism should at least be interested in developing and encouraging this development. Again, I think it should be its strategy. Nobody wants the waste in any area. I think it is time that we should be focusing more attention in that direction. I think maybe this ministry could give some leadership in this.

**Hon. Mr. Bennett:** We offer leadership in a number of areas, including in the development corporation, loaning funds to some of them to develop systems and so on, research and development. We also offer loans to companies which are actually going in to the physical establishment of a waste control

centre plant or storage area or liquid waste dumping area.

We have made some loans in the past and these are usually on the recommendation, of course, of the Ministry of the Environment, so that what is being proposed will meet with the environmental requirements of the province.

We have met with a number of industrialists who are interested in building recycling plants of varying types, including some incinerators. Some of them are not all Canadian technology. Some of them have been joint technology with the Italians, French and people from a few other countries where they have also been working on incinerators and so on for some period of time. Those people have worked with our ministry. Some of them have gone on a few trade missions as well, because they have had the capabilities, and they have gone out to see about licensing arrangements or joint ventures with these people.

There will be manufacturing if some of them succeed, and I have no doubts that some of them will. At the moment what they are trying to do is to involve one or two government organizations. The National Capital Commission in Ottawa, for example, has been working with a group of consultants on establishing a recycling program, but in conjunction with an incinerator program. I would think that if the plant is eventually built and works properly and can get enough recommendations from the NCC, they could very well be in production.

**Mr. G. I. Miller:** Where is that being done?

**Hon. Mr. Bennett:** On the Quebec side.

**Mr. G. I. Miller:** On the Quebec side?

**Hon. Mr. Bennett:** My understanding is it is in Hull.

**Mr. G. I. Miller:** Is there anything being developed in Ontario?

**Hon. Mr. Bennett:** These are Ontario people and they are a group of people that we have been working with. The first people who have designed a plant with them, I understand, are the NCC. How far they have advanced down the road in the last couple of months, I don't know.

**Mr. G. I. Miller:** Is that the same one that is in the experimental stage in Paris? It is a company that originated in England, and I think it is connected with Quebec. They have a small experimental plant at the Paris waste disposal site.

**Hon. Mr. Bennett:** I don't know.

**Mr. G. I. Miller:** You are not aware of it?



**Hon. Mr. Bennett:** If you could give me the name, we could check it out.

**Mr. G. I. Miller:** I had a few things in connection with the loans. Are there any loans provided at a lower rate of interest? It seems to me that there was a policy announced when the budget came out that there was going to be money made available to small industry at a better rate. Is this available?

**Hon. Mr. Bennett:** The Ontario Business Incentive Program. It has been very active. There are a number of applications from various parts of the province. That is on a forgivable period of up to five years and also there would be no principal earned for repayment over that period from anywhere from one to five years.

**Mr. G. I. Miller:** What is the rate of interest?

**Hon. Mr. Bennett:** The rate of interest is the current rate; whatever it happens to be at the time the loan is made.

**Mr. Kerrio:** Is there any relationship to the economic condition that exists in a given area, or is this province-wide?

**Hon. Mr. Bennett:** No, it is basically for eastern and northern Ontario, although I must admit some have been given to other parts of the province where we felt that having the industry established in that part of the province was compatible with other functioning operations down there.

**Mr. G. I. Miller:** How many have taken advantage of this?

**Hon. Mr. Bennett:** The exact number? I'll cover that under the last vote of the day, when we get down into vote 2207, because that's where the whole loan program is.

**Mr. G. I. Miller:** Okay, would you rather wait until we get to that point?

**Hon. Mr. Bennett:** It doesn't make any difference to me. We can deal with it at any time, because I'll have to go through it to get you the exact figures on the number of OBIP loans that have been made to the various places. But it's a fair number, and I'll get the exact figures for you when I get to 2207.

**Mr. G. I. Miller:** Mr. Chairman, I think perhaps we'll probably get back in the debate again when we get to that particular vote.

**Mr. Wildman:** I just have one short question. Can you tell me what the \$135,000 in research services is for? Page R-79. It's on this vote.

**Mr. Chairman:** It will be under item 3, page 23.

**Mr. Wildman:** Oh, yes, \$135,000 for services.

**Mr. Wilson:** The large majority of that relates to tourism research. Under the policy and priorities division we have a tourism research and policy unit.

**Mr. Wildman:** Is any of that for consultant services, like Crapo and people like that?

**Mr. Wilson:** Yes, some of that would be for that. A large amount of it relates to market research type activities—

**Mr. Wildman:** Yes.

**Mr. Wilson:** —in other words, looking at where our tourism advertising dollars are best spent in terms of return for the dollar spent. I would guess upwards of \$100,000 of that \$135,000 relates to tourism.

**Mr. Wildman:** What's the rest?

**Mr. Wilson:** At the moment we have under way a study of government regulation, in particular trying to identify the costs of government regulation.

**Mr. Wildman:** You mean in production or marketing?

**Mr. Wilson:** Costs of regulation on business.

**Mr. Wildman:** Yes, I see. Paper work and that kind of thing.

**Mr. Wilson:** Paper work, capital expenditure costs, and trying to identify and perhaps provide more information for ministers as to the costs of regulations. Quite often the benefits are emphasized. The cost in terms of what industry is going to have to suffer is not. We're doing some work to try and trace through those costs.

**Mr. Wildman:** Okay. That's all I had, Mr. Chairman.

**Mr. Eakins:** Mr. Minister, I think I mentioned in my opening comments the alarming incidence of bankruptcies in the province. I was just wondering what importance the policies and priorities program is giving to this. I wondered at the fact that so many businesses—I believe half of the Canadian picture is in Ontario—are failing or leaving. Is this making the investment climate less receptive to the foreign investors? I wonder if you could comment on the importance the policy and priorities program gives to this and how you're dealing with this.

**Hon. Mr. Bennett:** You asked if the bankruptcies that are presently being experienced in Ontario, not just across the country, are



causing any difficulties in the investment climate?

**Mr. Eakins:** Right.

**Hon. Mr. Bennett:** There's no doubt about it. It likely has some bearing on it, but I think a great number of businessmen frankly and honestly assess that maybe this is the shake-out period. Maybe there are a fair number of companies that are in business that should never really have been in, but because the market was so buoyant, they were there. They could survive as long as things were on the increase.

I think that investors, very honestly, when they come to Ontario or any other place, look at the potential of their operation and its reasonable expectation of success. Of course, John, you have to look very carefully at some of the bankruptcies and where they happen to be. Some of them are in the service sector. [10:30]

**Mr. Eakins:** In the context of your policies, priorities program, have you sorted this out and taken a look at the various areas where the bankruptcies are?

**Hon. Mr. Bennett:** We have reviewed them. Mr. Wilson or one of the other executive directors may be able to speak more specifically on them.

**Mr. Wilson:** The bankruptcy rate is really a barometer of how competitive our investment climate is. In other words, the rise in bankruptcies is a reflection of the fact that across the board our costs of doing business are not competitive with other jurisdictions, namely the US, at the present time.

Interestingly though, the bankruptcies in the past period in the last year have not been significantly higher than they were in about 1972 which is, we thought, very interesting. They are high and it's a reflection of the state of business in the province as a whole.

A study done in the United States looking at the employment records of firms discovered that across the country on the average about eight per cent of the jobs in any community disappeared every year as a result of business turnover.

**Mr. Eakins:** Eight per cent?

**Mr. Wilson:** Eight per cent. That's pretty well common across the United States. It's the same in New York City as it is in Phoenix, Arizona, let's say, which are two different parts of the country. It's a normal feature of the free enterprise system that firms go out of business, experience bankruptcy or shut down their facilities.

Our concern has been primarily with the investment climate for new firms getting into

business, which is at the moment, as I think we all recognize, not as attractive as it might be.

We're attempting to do some work on Canadian data, using the same methodology as the US study to see what the experience is in Ontario with regard to normal turnover of firms. Firms that are in the buggy whip business, for example, buggy whips no longer being an item in demand, will naturally go out of business. That forms part of that eight per cent turnover.

**Mr. Chairman:** Any further questions under 2202, Mr. Eakins.

**Mr. Eakins:** I'll wait for the next one.

**Mr. Chairman:** Does anybody from the NDP wish to speak on vote 2202? If not, Mr. Kerrio, then.

**Mr. Kerrio:** I have one question. At the time of its inception I was very concerned about the American government's move in their legislation to not allow convention costs out of their country. Is there anything in your strategy to be directed toward turning that legislation around? Are you hopeful or optimistic that it's going to be changed? It must have made a very significant impact on Americans travelling to Canada on conventions.

**Hon. Mr. Bennett:** I'll give you a very general overview and Mr. Fleck will try and fill in some of the figures for you, Mr. Kerrio.

First of all, the legislation which comes under Bill 116—or whatever it happens to be, I forget—in the United States, has been in operation for a period of time. It does not really restrict any convention money leaving the country. What it really does is it limits the number of conventions a company can participate in outside of the United States in any given twelve-month, business year period.

The Canadian government, the ambassador in Washington, this ministry, ministries from the other nine provinces and two territories, convention bureaus and associations right across the country, have all had their lobbyists, if I can use that term, in Washington, dealing with the various committees in trying to have that legislation repealed or amended. That not only applies to Canada. The country known as Mexico also has its people at work in Washington, trying to reverse that piece of legislation.

We think that if we're going to live on this continent, we'd better be good neighbours one to the other and we should not try to restrict. You'll hear people say Canadians have taken certain actions themselves over the

years that might have caused some difficulties. But the basic position is that we are working with them.

I have had words from various people that we should be very confident that there will be an amendment to that bill. It could be this fall or in the spring, time will tell. It's not from lack of pressure from the Canadian government or from the various governments of the provinces. It's a matter that was brought in. I can't tell you why it was inspired or brought forward.

**Mr. Eakins:** It's not from the House. It's a suggestion from an aide of Barry Goldwater to the effect that this is going to take place involving Canada.

**Hon. Mr. Bennett:** Goldwater is a supporter of ours. You must remember that Goldwater happens to have a political jurisdiction that's on the border of another country, and he's interested to see good relationships continue. So Goldwater has been supporting us—When I say “us,” it's a Canadian request. I understand there are a number of others who are favourably inclined to go along in that.

**Mr. Eakins:** There's a strong indication that amendments will be forthcoming?

**Hon. Mr. Bennett:** Right.

**Mr. Fleck:** But it was also in the American minds tied to the problems they were having with advertising on TV stations on the border, and the two relate even more than one relates. The lobbyists have been working hard and, of course, it's Mexico as well as ourselves, that is affected. It has been added as an amendment to the bill.

It has also been pointed out that, interestingly enough, the convention business has not been down in Toronto. Advanced bookings are way down in Montreal, but we have not suffered as yet. Obviously, we would, or it might have been better if we hadn't had that. But that limitation on the expenses was the very strange part of it. I'm very optimistic that it will be.

**Hon. Mr. Bennett:** I have one word of encouragement and that is that the US hotel association and the executive association in the United States are supportive of our position. No one wants to see Canada or Mexico retaliate, because then it becomes a real dog fight.

**Mr. Kerrio:** I had some concern along those lines.

**Mr. Eakins:** I want to discuss something about that but in the next vote.

**Mr. Chairman:** Do you have any further questions, Mr. Kerrio?

**Mr. Kerrio:** No.

**Mr. Chairman:** Are there any further discussions on vote 2202, policy and priorities program?

Vote 2202 agreed to.

**Hon. Mr. Bennett:** Can I ask if we can skip over the next vote 2203? Mr. Garland, the executive director who should have been with us this morning is at a conference, put together for us some months ago, for the industrial commissioners across the province of Ontario. It is a two-day seminar at the Constellation Hotel to review some of the development plans. Mr. Garland, since it is his division, is in attendance with 100 and some industrial commissioners. If you wish we can ask him to return from the hotel but I felt that program was put in place and it represents so many communities.

**Mr. Chairman:** What's the wish of the committee? Shall we proceed with 2204?

**Mr. Wildman:** Mr. Chairman, I appreciate the importance of that meeting but it would have been useful if we'd been warned because we have two gentlemen here who came down specifically to talk about trade.

**Hon. Mr. Bennett:** Mr. Chairman, if they wish to go with 2203, if there are some areas that require Mr. Garland's attention on then we'll likely have him here tomorrow.

**Mr. Chairman:** Does that satisfy the members?

**Hon. Mr. Bennett:** Because of the way we were proceeding yesterday, I didn't know whether we'd be at 2203 today or not.

**Mr. Chairman:** We can go ahead with the discussion on 2203, and if there are certain items that you don't have any answers for, we'll get them at the next meeting.

On vote 2203, industry and trade development program:

**Mr. Wildman:** I have a number of rather short questions about the activities of this division, and how they relate to the industrial development and trade.

I've got before me, some comments, that I've alluded to before by Mr. John Shepherd of the Science Council of Canada. One of the points he makes in regard to the problems that Canadian industry has in developing high technology and competing in the world markets, much less our domestic market, where he feels that we're losing control, is that he feels that industry in this country tends to be too small and unproductive. These are some of the things that the Treasurer (Mr. McKeough) has been talking about, and about the need to rationalize our industrial sector.



But he then goes on to say, unlike the Treasurer, that he feels tariffs have helped to maintain what he considers to be some rather inefficient operations. However, he goes on to say that to consider the answer lies in the short-term reduction of tariffs effectively ensures disaster by introducing the patient to a cure he cannot survive.

I'd just like to know what your reaction is to that: First to the problem of the small size of our industrial firms and how that leads to problems in developing the things we've been talking about, like research and development and high technology, and then how that would relate to the gap in negotiations.

**Mr. Fleck:** I agree completely with Mr. Shepherd to this extent—he's saying that a very substantial reduction in tariffs in a short term would be something that some businesses couldn't stand. There is no question that that is the case.

First of all, any reductions in tariffs that would take place as a result of the Tokyo round would not start until the early 1980s and would be phased over a minimum of five years, and more likely 10 years. The phasing seems to be likely so there wouldn't be the type of precipitate drop in tariffs that Mr. Shepherd is suggesting.

Secondly, there are areas where there would be exceptions. As you know, there is a reduction in general tariffs, but then there would be areas that would be excepted from those general tariff reductions. Of course, one of the factors involved in looking at that would be long-term survival possibilities of that particular industry, but also looking at the potential for that industry to grow and to develop its competitiveness over time.

**Mr. Wildman:** If that is the case, I want to talk briefly about the auto industry, in parts. Mr. McKeough made a statement in April that Industry and Tourism, in co-operation with the federal government, was going to carry on discussions with the parts industry and auto manufacturers to get a commitment from the industry to ensure that opportunities for parts production in Canada would be broadened.

Can you give us some indication of where those discussions are going, and how successful they are?

**Mr. Fleck:** They are in the early stages. The discussions there are more with the major auto manufacturers involved than it is with parts manufacturers. Parts manufacturers are anxious to do it, because what they want are the orders from the major companies. What we're doing in conversations with the majors is, of course, obviously reinforcing the

fact that overhead is an extended concern, because the type of trade deficit that we've had in the auto industry in total is just unacceptable and is not something that can go on long term. And that it is in their best interest, as well as the government's, to see that changes are brought about in their purchasing patterns.

The companies have been increasing their use of the independent parts manufacturers. And Ford, I know, had a chap called Meanwell, whose sole purpose it was to increase the usage by Ford of Canadian parts. General Motors also has a program in that area, and Chrysler as well, so that they have been working in this direction.

One of the things we need to ensure that we increase our percentage in that market is more investment, but one of the problems in the auto industry is that at the moment most of the new investment that is going to be required over the next few years is not to increase overall production. They have the capacity to handle the anticipated needs for quite a while. The investment is going to be in provisions—in making cars better from the environmental point of view, making them better from the gas-consumption point of view.

It's more difficult to switch investment, because it's more modification of existing plans than it is the creation of new plans and this is one of the factors involved.

Since it has been in the press I can mention it now. Mr. Horner was discussing Ford, and said that Ford was going to be building some plants. Well, Ford is going to be making some investments in North America and they have approached the government and they have said: "We have these investments in North America. We, Canadian Ford, would like to see them in Canada."

[10:45]

They talked about the advantages and disadvantages of various locations in North America in order to provide the government with that information in the hope we would be able to assist in some way to reduce some of the disadvantages they might have in Ontario, relative to other parts of North America, to try to increase the probabilities of plants here.

The companies are moving in that direction. It is not the thought of the federal government or even of the provincial one that companies should have to be disadvantaged economically to buy more. There is still the necessity for our manufacturers to be competitive, and many of them are. In the automotive industry and in the auto-



motive parts industry our plants are efficient and our productivity in automotive parts plants is high. That's an area where we feel we can lead. What we want is to make sure we get a fair shake and, other things being equal, they'll lean towards putting business in Ontario. A few are making progress and there have been meetings with each of the automobile companies since that time.

**Mr. Wildman:** Have your discussions with the automotive industry, and with General Motors specifically, dealt with their decisions, for instance, like the decision to move the frame operation of Hayes-Dana to Flint, Michigan? Was that part of your discussion too?

**Mr. Fleck:** No, it wouldn't be, no more than it was part of the reason it moved from Budd to Hayes-Dana. Those sorts of changes are taking place within the industry. We may comment upon them but what we're talking about is the bottom line in terms of jobs—the investment and the amount of business that is done. We're not trying to direct them in terms of how they should make up their minds.

**Mr. Wildman:** How does a move like that affect the other spinoff industries, such as steel, glass, plastics, rubber and so on when they move production into the United States out of Canada? How does that affect the other basic products that go into that operation?

**Mr. Fleck:** Certain basic products don't necessarily come from Canada for the Canadian plants and don't necessarily come from the States for the American plants. You'd really have to look at each individual plant and look at the composition of where they were buying their materials and see what impact it might have. Also you would have to look at the plant that was getting the business. In this particular case you mentioned, as it was moving from an Ontario plant to a Michigan plant, you'd have to look and see where the plant that was going to be doing the business in the States was going to have the source of their material, because a lot of the parts and a lot of the basic raw materials are being shipped from Canada to the US.

**Mr. Wildman:** I'm thinking specifically of Algoma Steel, for instance. They're shipping into the States too, certainly.

**Mr. Fleck:** That's right. There's no duty involved. It's a free trade market as far as the automotive industry is concerned. The automotive companies are interested in keeping their Canadian content up because there

are requirements they have to meet. Even though it would be a plant in the States, in addition to being competitive, there are motivations for them to want to be buying in Canada.

**Mr. Wildman:** I won't go any further here, except to ask one question regarding the trade missions and the latest trip of the minister and the Premier. When I saw in the press an ad for the seminar that you mentioned this morning, I wondered how those things compare. What are the different objectives for the kinds of seminars you have for trade commissioners here or for foreign delegations coming here of business, government people and so on as opposed to a trip where you go around the world to them?

**Mr. Fleck:** What advertisements are you referring to?

**Mr. Wildman:** I saw an advertisement. Here it is. It says "Japan export workshop." This is for exporters and trade commissioners. "The seminar is being supported by the Ontario Ministry of Industry and Tourism and the Japan External Trade Organization.

**Hon. Mr. Bennett:** I think we have some speakers at the seminar, if I recall correctly, or some participants from the Ministry of Agriculture and Food and the Ministry of Industry and Tourism.

**Mr. Wildman:** Yes it is a federal seminar. You're right.

**Mr. Fleck:** What they're doing is they're bringing some of their trade commissioners from Japan. The better ones are being brought back to Canada to be here and meet here with local businessmen.

**Mr. Wildman:** I see.

Basically, though, my question still is what determines your decisions as to whether or not you should take a trip to a foreign market? Is it to go and talk to them directly as opposed to having assistance and discussions with exporters here? Are they combined? Are the two things related? Basically, I'm trying to determine how you come to the conclusion this is the time to go to Tokyo or to Hong Kong, or whatever. How do you determine that?

**Hon. Mr. Bennett:** Let's deal with three phases. One, whether the Premier or the minister goes, and one if the business missions go, and one for business opportunities, and technology.

You rely to a great extent on the advice given to you by your own field workers in foreign markets. Those are the provincial government employees. You rely on the communications you have with the Ministry of

Industry, Trade and Commerce and their representatives in foreign markets about the interest that's being expressed in having Ontario come and meet with some of the businessmen in the financial and other communities.

The Premier and I had been through many months of discussions on the Japanese trip and the Hong Kong trip because of things that were said to us by our people in Tokyo. The assessment was made by Mr. Fowler of the Tokyo market, and by expressions from embassy representatives in Tokyo, and by the Canadian representatives in Hong Kong.

We had met with them and for some time gone over the fact that Ontario had not had a presence, that is, a high political profile, in those countries. So the conclusion was it was an opportune time to go because of some money situations in Japan. One situation being they wanted to move some of their foreign capital out of the country into new investments. The same thing is applicable to Hong Kong. So that's what determines the decision. We gather this information.

Obviously we must be on just about the right trail because there are a great number of other provincial people, premiers and ministers, who are in, I wouldn't say exactly the same markets but in relatively the same area of the world looking at opportunities for them.

The business missions are a result of investigations and questionnaires we have in the local—being Ontario—business community about whether they think they have some opportunities to participate in some trade activities, joint ventures or licensing arrangements with somebody in a country. This question is usually asked of them by our field workers at any given time of the year on a questionnaire. In other words, the question is asked by the industrial development officer who's in Thunder Bay or the tourism development officer who might be in Thunder Bay or whoever else in the province.

**Mr. Wildman:** If it's a tourism mission, is it handled by industry and trade, or is it handled by tourism?

**Hon. Mr. Bennett:** It's handled by our ministry but the tourism division.

**Mr. Wildman:** Yes, that's what I was questioning.

**Hon. Mr. Bennett:** We have tourism officers in some of our offices around the world as well. Tourism again becomes the wholesalers, the package dealers, dealer to dealer, in the foreign country we're involved in, and on charters and so on. There are 40 or 50 some odd missions we'll make this

year into foreign countries. From that point on, our ministry, with our field workers, and with the trade counsellors from the federal agency, start to put together the appointments for the industrialist who is going on the mission with us.

**Mr. G. I. Miller:** What was the budget for the last trip?

**Mr. Wildman:** That was my next question.

**Hon. Mr. Bennett:** Let me just finish, then we'll go back to the budgets.

We get ourselves into the situation where we take a businessman to one, two, or three countries on any given mission and he will then have his whole series of appointments set up for him, and his days charted. The government pays for an economy return fare to the furthest point of his mission. From that point on his time and his expenses incurred in hotels or anything else are his responsibility or his company's responsibility.

We do have some companies, and a fair number of them, who use the services of the ministry as a catalyst to organize their program out there, to line up the potential customers or people to see, but they pay the entire shot, transportation and all.

**Mr. Wildman:** You're arranging the appointments and that kind of thing.

**Hon. Mr. Bennett:** Yes.

**Mr. Wildman:** Could you give us some idea of the total budget charged to your ministry for the trip to Japan and Hong Kong?

**Hon. Mr. Bennett:** Phil, would you have that? I remember we gave the figures on the Japanese mission to the research person in the Liberal Party. Who was that?

**Mr. Girvin:** I believe Peter York gave it.

**Mr. Fleck:** Do you remember the amount? Was it \$92,000? It was around \$100,000.

**Hon. Mr. Bennett:** The European trip was \$83,000 plus \$8,000.

**Mr. Fleck:** It was very close.

**Mr. G. I. Miller:** How many people usually go on these things?

**Mr. Fleck:** On a normal mission you would have maybe seven or eight businessmen and one person from the ministry.

**Mr. Wildman:** Can I ask some specific questions about this? Did the cost you're talking about in the range of \$100,000 include all the people who went? that is, the Premier's staff as well as the staff from your ministry, or was that charged to some other budget?

**Hon. Mr. Bennett:** No, it would all come through. We'll get the exact figure.

**Mr. Fleck:** We went through it all, got it



all together and gave it to somebody and that specific question was answered.

**Mr. Wildman:** When you're doing that I'd like to know also if the figures you're giving us include the cost of the trip of the Minister of Agriculture and Food (Mr. Newman) to Tahiti and, I'm sure they wouldn't, also to Chile and Brazil.

**Mr. Fleck:** We have nothing on Mr. Newman.

**Mr. Wildman:** That was out of Agriculture. Okay, fine.

**Mr. Radford:** They make their own arrangements.

**Mr. Wildman:** I'd be interested in knowing the numbers.

**Mr. Fleck:** We don't have an office in Tahiti.

**Mr. Wildman:** No, I know. Or in Hawaii either.

I wonder if you could tell us how many staff people from the Premier's office and from your ministry as well and how many businessmen were along on the trip?

**Hon. Mr. Bennett:** There are several portions of the programming, as you'll appreciate. We had a petrochemical mission with us, we had an automotive parts mission with us, we had people on an investment mission attending with us. Now, Agriculture was under theirs. In addition we had the Premier and his staff and myself and the three people who travelled with me.

**Mr. Wildman:** There's one further question on that and then I'll yield the floor.

Could you tell us what your main thrust was in going to Japan and Hong Kong? Were you hoping to increase our exports of manufacturers to those countries or were you hoping to get concessions from them, especially in Hong Kong, on the textile competition? What were you hoping to achieve by your trip and how do you feel you've fared on that?

**Hon. Mr. Bennett:** First of all, it was to meet with the investment community, those who have some say in where money is going to move. The banks and the major investment houses in Japan were where the Premier and I spent some time. I think our reception with them was very good. They realized what the Prime Minister said, on September 3 I believe it happened to be, about encouraging them to move more money out of the country for investment purposes to protect foreign markets they presently have. They realized that and that was one of the things we worked on.

One of the areas I worked on, of course,

was Fujitsu, who's a very large computer company here in the province of Ontario and in Canada. Fujitsu are participants in a company known as Consolidated Computer Inc. Consolidated has them as a third partner at the moment, along with the province of Ontario and the federal government.

My interest in meeting with Fujitsu was long range, because they're going to bring some new technology into this country and some new product lines. My interest was to find out how rapidly they intend to move, what expertise they intend to bring with them at this time and what markets they intend to serve by Canadian production. We're rather satisfied with Fujitsu's answers, inasmuch as they're hoping, by the first of next year, that is, 1978, to move at least one new product on stream here in Ontario and a few months later to move the second component part for one of their other machines into production here. In both cases, we will become the world supplier for their particular type of requirement.

They'll have a certain number of Japanese people attending in Canada, but not on a permanent basis because not all of them want to take up citizenship.

Their overall attitude with regard to Consolidated Computer is good. It's positive, which is something I must say is a breath of fresh air over the time we've been through with that company in the last three or four years.

We've met with other companies as well. We met with Toyota, Toshiba, Panasonic, and these are all companies which we were aware had some interest in looking at this country—not just Ontario, I'm saying Canada—as a possible place for future investment.

[11:00]

From that point, we went to meet with people in the trading house business, trading corporations. They're rather important for our importing into Japan because there are not many things that are imported directly from Japan that do not go through some trading house operation. We met with some of the political people and the various ministers, the Minister of Commerce and the Minister of Industry and Development—that's the most powerful ministry in that whole government operation. Then we did meet with Keidanren. You read about that one.

**Mr. Wildman:** It seems to me from what you're saying that the main thrust of your visit or purpose for your visit was to attract investment into manufacturing here in Ontario. Is that right or not?

**Mr. Fleck:** When you went through a list



of areas, et cetera, the answer could have been all of the above.

**Mr. Wildman:** Sure.

**Mr. Fleck:** As you know, a document was signed between Canada and Japan by Mr. Trudeau about a year now. A formal ceremony of that sort has more significance there than it does here. Shortly following that particular document, there was the so-called Makita mission, led by a very high-powered group of Japanese businessmen for whom normally Canada would not be of much interest at all. Canada is not thought of as a major market. It is thought of as important for the resource areas, as has been mentioned. It's thought of as being a country they like, but it's not a very major one in relation to say the United States or some others. That high level mission came here. Other premiers have been to Japan, Premier Barrett, Premier Lougheed and so on. It's an important market for us and becoming an increasingly important market for us. The thought was that it should have a high-level—and part of it is symbolic—commission going to that country to show the importance we felt for it and that's why we had the Premier leading the mission. Then it was to achieve all of the things that the minister mentioned as well. The importance of government-to-government meetings is much greater to Japan than it is to Canada.

**Mr. Wildman:** I accept that. Were they mainly interested in investment to obtain raw products for their manufacturing at home or were they developing manufacturing in Canada?

**Mr. Fleck:** I think they're interested in all of those.

**Hon. Mr. Bennett:** They're interested in them all but I think they're looking at manufacturing in Canada. The Japanese have some environmental problems. They're not going to be easy to cope with over the next few years. They realize they're going to have to move out of their own environment because of population and lack of space.

They're looking at bringing some of their own technology and workmen. I'm not saying the entire product might be manufactured in Canada. It could be that a great deal of it will be finished here with some preliminary work being done in their own country. That's really the television people. It's a market that's hard to get anybody really excited about because of the experience of television operations and manufacturers in Canada for the last number of years.

Panasonic wanted to close up Quasar, which we questioned them about. They

hoped to expand it and increase it in capacity and volume and new markets by getting exclusive rights to the United States and so on. That is in some of their larger television screens and units. They do see the new capital investment required in that area of their operation.

I think you have to say, Mr. Wildman, it is a general market situation. You've got the trading companies which are just looking how they can exchange products to make a worthwhile deal somewhere else in the world but we have to be—I was going to say very courteous—very interested because they can make or break some companies without too much difficulty.

The last point I make is one that Mr. Fleck said. It's government to government. While it may not be that apparent in this country or a requirement in this country to do business, in relating to other countries of the world one of the major things you must do is that governments must open up that government door for the businessman to even get a reception or an invitation to come in.

**Mr. Wildman:** Was there discussion about Japan's invisible trade barriers, domestic trade barriers other than tariffs? Were you discussing that? As part of the GATT negotiations, do you see the Japanese as receptive to reducing those?

**Mr. Fleck:** They say yes.

**Mr. Wildman:** They say yes?

**Mr. Fleck:** That means you don't know until the end of the day, if I can put it that way, in relation to the GATT.

They recognize, again that politically long-term, they can't continue to control access to their market and to get the substantial access to other markets that they're getting now. It's sort of a fact of life. They're very anxious for this round of talks to be successful, because they're more dependent on trade than most countries, and therefore are prepared to give up some things in order to gain that.

But it's a very difficult area because sort of the inscrutable look comes over the face and everything that happens—

**Mr. Wildman:** That's all I have for now, Mr. Chairman. I'll come in later.

**Mr. Eakins:** There are two or three things I would like to discuss.

First of all, Mr. Minister, of the almost \$9.7 million budget for the industry and trade development program, only half is allocated to domestic industry development. The remainder, other than a small amount of administration, goes to international. Can you explain this further?

**Hon. Mr. Bennett:** I'm sorry, John. Were you listening, Mr. Garland? I see Mr. Garland is now with us, Mr. Chairman. John, what was your question again, I'm sorry?

**Mr. Eakins:** The \$9.7 million budget for industry and trade development—only half of it is allocated to the domestic market. I just wondered if you could explain that further. Other than the small amount for administration, the balance goes to the international industry and trade development program and the foreign offices.

**Hon. Mr. Bennett:** You say, "Can you explain it?" Mr. Garland, would like to try and take a swing at it?

**Mr. Garland:** A good part of the aspect of the international side is related to industrial development. One of the strong points of our foreign office is the aspect of industrial development and encouraging companies from Europe to locate here for the North American market.

On balance, based on the money and effort expended, it is probably in the area of 50-50. That's what we had hoped for.

There is a tie-in where the domestic industry side concentrates on helping and expanding existing companies, and at the same time the trade people concentrate on them and try and improve their ability to export. The two sides work for the domestic industry, and the two sides also work on industrial development coming into the country.

**Mr. Eakins:** I think Mr. Wildman was talking about Japanese industrial development. I want to ask about the future of Japanese tourism. It seems to me that this is a large market. A country of 100 million people in an area one third the size of Ontario, it seems that this is a very lucrative market sitting on our doorstep.

The Japanese, as I see them, are just beginning now to move out of their own country and to travel for the first time. Many of them are starting to tour through Europe. I notice there are some groups starting to come to Canada, and I wonder if on your visit to Japan if you discussed the tourism aspect and if you could report to us what definite steps were taken to promote the Japanese tourism market here.

**Hon. Mr. Bennett:** If you'll recall, Mr. Eakins, our mission to Japan related to tourism—I omitted to mention that. I mentioned the petrochemical and the auto, but the other was tourism and its wholesalers from the province of Ontario.

They met with the principal companies in Japan that promote package touring to other areas, to North America. Our success ratio

over the last two or three years has been very important in moving a very substantial number of Japanese into this province.

They are now the fifth-largest group of people, foreigners, moving into Ontario as tourists.

Our wholesalers promoted various packages and I might say that we have something in excess of 100 package tours to Ontario that relate to the Japanese market, or can be related to the Japanese market.

So those were the things we were promoting with JAL, Japan Air Lines, along with Air Canada and Canadian Pacific. Canadian Pacific, of course, is the carrier from Canada that goes into Japan. Air Canada picks them up usually in Vancouver. We worked with the Japanese travel association, met with their new president, and new executive director, both of whom are familiar with this country. They have fished in it and participated in a number of other activities. So all the people we met with are people who are directly responsible for, I forget the exact percentage, but I think it's something around 80 per cent, of the movement of Japanese tourists. We met with these people on several occasions, in Tokyo, Nagoya and Osaka.

**Mr. Eakins:** Are we getting our fair share of the Japanese tourism market in Ontario, or are most of them tending to visit the west coast?

**Hon. Mr. Bennett:** There's no doubt a good number of them visit the west coast. They are very familiar with the west coast because of its convenience and its proximity and because of the number of family ties that happen to be there.

**Mr. Eakins:** That is right.

**Hon. Mr. Bennett:** The other situation happens to be that they are looking for new areas to discover and one we can use with little or no difficulty, because it is well-known to them, is Niagara Falls. The first thing most Japanese do when they get to the province of Ontario is go to the Falls. And that applies generally, whether they are tourists or businessmen. It is the one thing they want to do. And so, of course, we use Niagara Falls very extensively in our promotion in Japan. We are getting a bigger and bigger percentage of them coming further and further east in this country.

**Mr. Eakins:** But there is a vigorous effort in the tourism field within Japan as far as we are concerned?

**Hon. Mr. Bennett:** It will be a new major market force. As Mr. Boyer was saying, right



now, Ontario gets more Japanese tourists than any other province in Canada.

**Mr. Eakins:** Including BC?

**Hon. Mr. Bennett:** Yes. You must remember, even though they might touch down in BC and most of them have to, either there or in one of the American states, in their flights over from Japan, they are ongoing. In other words, their principal destination is Ontario, according to Mr. Boyer's figures and the Bureau of Statistics in Ottawa.

**Mr. Eakins:** I just have to feel that this is a very great market.

**Hon. Mr. Bennett:** Very lucrative.

**Mr. Eakins:** Yes, a very lucrative market for us to take a look at, because they are great travellers once they get moving. Certainly, I know, there have been a number of them in Ontario this year and I think the potential is great.

**Hon. Mr. Bennett:** The one thing we must not forget about the Japanese is they are very good spenders, as tourists, extremely good. There is a built-in custom with them that they must take home a gift or souvenir to virtually everybody in the family.

**Mr. Cassidy:** As long as it is not made in Hong Kong.

**Hon. Mr. Bennett:** Well, Michael, I tell you one of the things they like to take home is Canadian Club. It has a certain ring in Japan, I am not quite sure why. That seems to me a fairly completely Canadian-made product, bottle included.

**John,** I agree with you. We have a tourist office there. We work very diligently there. Quebec is now into the market place with us. The federal government with the CGOT has worked extremely well. The receptions we had and the reaction we had was very satisfactory. The wholesalers who went from Ontario and spent their own money to get there were all very pleased with the results and with what they believe the follow-up business will be.

**Mr. Eakins:** The climate is very opportune there. There are other things I would like to say in that regard but I don't want to take up all the time, so I will move on to one other area which we were discussing—the change in the US convention laws. One of the financial papers has estimated the change that took place in the convention laws has resulted in a \$20 million loss across Canada. Mr. Fleck or someone mentioned it did not affect Ontario, or Toronto—

**Hon. Mr. Bennett:** In this year.

**Mr. Eakins:** This year. It must have affected us to some degree.

**Hon. Mr. Bennett:** In the major markets of conventions we seem to be up. I am talking about Ontario, I'm not talking about Montreal, where they have had some very drastic fall-off in their convention business. I will accept the fact that people say they have lost X millions of dollars worth of convention business. I asked one or two fellows how many contracts were recalled after they were signed, and bona fide, and in place.

**Mr. Eakins:** Because of that?

**Hon. Mr. Bennett:** Yes. That is another question, because they are talking about the fact that they quoted on a particular convention they thought they were going to get, but they had no signed agreement. Then they said: "Well, we lost that. It moved on somewhere else." It might have moved on regardless of what the law happened to be.

The only thing I can say, and the gentleman sitting to your left would agree, is that in the business world when you sell something only when you have that contract signed do you really lose the deal if for some reason things change—real estate or insurance.

We will continue to work on it. I would only suggest that if you are speaking to Mr. Horner or some of the others in the Liberal Party in Ottawa—

**Mr. Eakins:** We will be having dinner with them tonight. I will extend your good wishes.

**Hon. Mr. Bennett:** Let me tell you, you put the pressure on him because that is the area. It is going to be as much his responsibility now, in continuing to keep the pressure on the Americans to amend their bill, as it is mine or Grace McCarthy's in Vancouver.

**Mr. Eakins:** I would like to discuss the involvement of your ministry with respect to the subject of a major convention centre for Metro Toronto. Metro Toronto, on both an industry and tourism basis, fared fairly well this year in relation to 1976. However, I think that the need for a major convention centre is quite evident, and I want to make two or three points in this regard because I think it affects us in a very wide area.

First of all, while it would be good to have a major centre in perhaps some of the smaller parts of Ontario, where they could use a shot in the arm, I think that Metro Toronto is perhaps the only place in the province with the ample facilities to support a major convention—that is hotel accommodations and restaurants.

Second, I think everyone seems to be in agreement that it would be a definite asset to



have in the province. It has been supported by Metro Chairman Paul Godfrey, and I think yourself, Mr. Minister, and the independent hotel owners. The only roadblock apparently is how the funding should be arranged. Since the large conventions are international in nature I think their funding might be considered a joint venture of private industry, along with all three levels of government.

Third, the hotel community in Metro has even suggested the possible application of a one per cent tax that would be applied to the initial setting up of the centre.

Fourth, the American Psychiatric Association held its 10,000-member convention here this year, but stated that it is possible that it might not return because their meetings had to be held in four or five different hotels, involving a lot of busing of the members and, therefore, inconvenience. This is considered about a \$3 million convention.

Our largest convention centre is currently at the Harbour Castle, with some 28,000 square feet. The next largest, the Sheraton Centre, has about 17,000 square feet. I think that what is needed is a centre with a minimum of at least 120,000 to 200,000 square feet, which would be quite an improvement over existing facilities.

The benefits of the convention centre would be the revenue to the city and to the province in terms of tourist dollars and provincial sales tax on rooms, meals and other purchases. This is quite obvious.

However, there is also a great opportunity to alleviate the current unemployment problem in Metro's construction industry, with either the refurbishing of an existing building or the construction of a completely new complex.

I think that following the initial construction such groups as carpenters, electricians and plumbers are required on an ongoing basis for setting up the exhibits. These are certainly always found at the convention.

I think, too, that a major convention centre has quite a ripple effect on so many of the other sectors of the economy. Any steps that you might take that would be instrumental in establishing such a centre would, I feel, be warranted, not just for the ministry but for the others as well.

The advantage to the tourist industry would be that people would be drawn to the province who perhaps in many cases would not ordinarily have considered visiting here. Once in Toronto, it is quite possible they could be convinced to visit the other vacation opportunities in the rest of the province.

We have to take a look at the size of the

business we are talking about. Last year conventions were responsible for bringing \$53 million in revenue to Metro Toronto. That was without the benefits of having a major convention-centre facility. I'm just wondering if you might comment on that. What involvement does your ministry have or might it have?

**Hon. Mr. Bennett:** We have had long drawn-out meetings with people from Metro council, the board of trade, the convention bureau of Toronto, members of city council, and members of individual boroughs on the possibilities of building a major convention centre here in the city of Toronto.

I accept the fact there are going to be convention centres needed in other communities in Ontario as well. We've said clearly to Mr. Godfrey and to his people, including Alderman Smith, who's been in, we're prepared to sit down and negotiate or at least look at some proposals from themselves, the federal government, municipal government and the private sector.

Mr. Cassidy and I come from an area which is also pushing for a convention centre. This area wants to know what percentage of the cost we're prepared to pick up as a provincial government, as well.

When we get into this business, gentlemen, we're not talking \$1 million or \$2 million. We're probably talking provincial participation in the Metro centre of something in the range of \$35 million to \$45 million. They're talking in the range of \$100 million or better. They quote now, on very rough drawings, some \$80-odd million. It varies by \$10 million when you speak with them, and I can appreciate why; the plans are not firm; they would include something in the range of 200,000 square feet.

In the day and age we're living in, with the economic constraints we've got upon us, placed by governments at all levels and which we continue to say should be placed, it's pretty difficult to expect or think a federal government or a provincial government is going to come up with roughly \$80 million for a convention centre.

I give the Hilton-Harbour Castle full marks for having gone ahead with their centre. They have a second stage they might proceed with as time goes along. The centre seems to fill a number of the requirements for conventions. I'm not here to give any professional plug to that particular hotel, but the centre seems to serve at the moment a major portion of the conventions that come to Toronto.

There are not that many conventions that have 10,000 in attendance or numbers from,

let's say, 3,000 on up. You've got to be sure that you are going to get them. You've got to be sure the centre is going to be used to its maximum, if they do come.

Also, I mentioned to one or two of the fellows, "If you build the centre, who's going to pick up the ongoing cost?" I don't know personally of a convention centre that's self-sufficient in its revenues. Sometimes it's used by communities as a loss-leader in securing conventions for a particular area.

We're still receptive to their proposals and we'll continue to look at them. Their biggest problem at the moment is in trying to find a suitable land site accessible to all the major hotels here in Toronto, close to the subway system, and one that can allow people to go out to the exhibition grounds or to other places. That has not been established at the moment.

We recognize the contribution it could very well make to the provincial sales tax of the province, and the number of people it could draw to the province, but I still think we have to be, as I've said to Mr. Godfrey, very realistic in the day that we're dealing with it. To ask government to find, let's even go to \$25 million, John, as the provincial contribution to it, I think would leave us somewhat open to question as to what our priorities happen to be in this day and age of an economic downturn in the community.

I've listened to other municipalities, Hamilton, Ottawa, and London, which have all suggested we should be concerned with how they are going to finance their convention location. I admit Toronto is likely the greatest location for a convention centre in Canada today, because of the financial institutions located here, because of the overall general feeling and safety that prevails in this community and because of some of the attractions provided in this community. But I still say we have to move slowly, and be sure, in the final analysis who is going to administer it and who is going to pick up the cost of continuing operations. It is a big responsibility to say they can go to the Toronto convention bureau. It would be a giant step for that organization or any organization to undertake a building of the size and complexity proposed for development here in the community.

Mr. Eakins: So there are ongoing discussions on this.

Hon. Mr. Bennett: I think Mr. Godfrey, Mr. Smith and others and the board of trade realize that back in 1972, things might have been a little more optimistic about getting government to put some money into a

convention centre. But with the constraints presently on all levels of government it becomes a very, very difficult one to take too far down the road. That does not say we should not continue to plan for it and find a location. Finding a location for it at a price that does not put the whole complex completely out of the question is going to be a big problem.

Mr. Turner: You could try Peterborough, Mr. Minister. It would be half way between Toronto and Ottawa.

Hon. Mr. Bennett: That might not be a bad spot.

Mr. Eakins: I know we could co-operate on that one, quite well.

Hon. Mr. Bennett: The labour movements have said very clearly they would be interested in seeing the construction go ahead as soon as possible and I don't blame them for that.

One of the points you raised is the one per cent tax. Generally, I would like to see its unanimous acceptance by all the hotels and restaurants and so on in the city of Toronto, because they are forever badgering me to go to Mr. McKeough to reduce all of the taxes. They think the taxes have overpriced the rooms and meals et cetera.

Mr. Eakins: Is there a general feeling about the one per cent tax?

Hon. Mr. Bennett: I have never got that strong a feeling.

Mr. Eakins: You are not throwing it out.

Hon. Mr. Bennett: Some people have thought the one per cent tax might facilitate the capitalization of the building and the continuing operating costs of the building, but I have never got a unanimous opinion or even a concentrated feeling that it was widely accepted throughout the industry. They think they are paying taxes now and they should not pay them. You see, some of the hotels will make the argument, "If I pay one per cent, why doesn't the Eaton Centre pay one per cent, because a tourist coming here is likely to spend fair amounts of money in doing some shopping, particularly if he happens to bring his wife to the convention." And there is some truth to that statement. That brings in a whole new tax picture.

Mr. G. I. Miller: Do we get to share the tax now, the room tax?

Hon. Mr. Bennett: These are our room taxes. It is a provincial room tax, not a municipal one. There are no municipal taxes in that respect.

Mr. G. I. Miller: But that room tax does come to the provincial Treasury.



**Hon. Mr. Bennett:** It comes to the general treasury of the province. But that goes towards the cost of doing the promotion, the advertising, the advancement of the tourist cause of Ontario. I have heard it said that all room taxes collected in this city should be put back into the convention centre. If we are going to become that parochial, it is going to make a real division in this province. People, when they are tourists, really don't stay put.

**Mr. Eakins:** How does our room tax compare with other jurisdictions across Canada or the States?

**Hon. Mr. Bennett:** Compared with Alberta, our room tax is very high, because Alberta does not have one. With Quebec, we are lower, with Newfoundland we are lower, with Manitoba, I think, Mr. Boyer, we are on a par.

**Mr. Boyer:** I believe we are higher than Manitoba.

**Hon. Mr. Bennett:** Higher than Manitoba? But I would say we are about average. We might be one per cent higher or lower than some. That is about what the variance is. I think Newfoundland is the highest at the moment, is it not?

**Mr. Boyer:** I believe Quebec is the highest, and I think Newfoundland and BC are higher than us.

**Mr. Cassidy:** I have two or three lines of questioning I would like to pursue with the minister. I would like to know about productivity, Mr. Minister. This has been raised a couple of times, including during Mr. Wildman's leadoff. I gather you agreed with every aspect of Mr. Wildman's analysis but you just rejected the conclusions. Is that correct?

**Hon. Mr. Bennett:** I agreed with every part of—  
[11:30]

**Mr. Cassidy:** You agreed with his analysis and with his figures, but then you wound up by rejecting the conclusions.

**Hon. Mr. Bennett:** I don't recall his conclusions, I'll tell you that. I said, Mr. Cassidy, and I'm sure you've read Hansard, that productivity didn't relate singularly to people. That was my basic analysis of the situation as I see it.

**Mr. Cassidy:** That in itself, I think, is fresh—for the ministry to even acknowledge that.

**Hon. Mr. Bennett:** It is like heck fresh. I said to Mr. Wildman the one thing that amazes me is that you can read my speeches and pick out what you want but you don't seem to read them all.

I've clearly said, Mr. Cassidy, over the last eighteen months to two years, in statements to industrial commissioners and to investment houses and so on, that productivity should not be considered as relating to the employee, or the man on the line; that productivity relates to everything that makes a business tick—from the capital investment in machinery and so on, to research and technology, to management's ability to finance and administer and to the man on the line.

They're all part of what makes a company work, and that if any one component's missing—

**Mr. Cassidy:** That is not the impression your government tends to give.

**Hon. Mr. Bennett:** Oh, I don't think so.

**Mr. Cassidy:** The impression the government tends to give is that it's only the guy on the line who is responsible.

**Hon. Mr. Bennett:** That is the opinion you want to accept.

**Mr. Cassidy:** That is the opinion that your government has consistently—

**Hon. Mr. Bennett:** It isn't.

**Mr. Cassidy:** —brought forward in an effort to try and bang away at labour costs, and labour.

**Hon. Mr. Bennett:** There's no reason for you to yell at the mike. We're sitting three or four feet apart.

**Mr. Cassidy:** Okay. What studies have you got on the level of productivity in Ontario, as measured against the United States?

**Mr. Garland:** I guess what we lean on are the experienced staff we have in the background. I can maybe give you a better comparison than the States. There is a major operation, as a result of the mission last fall to Germany, which is still considering us, and we still are a possible candidate for location in North America.

One of the questions they raised at that time was about productivity. We took one of our directors, who spent years in this type of business, and he spent three days in their plants in Germany and was able to convince them from his knowledge and experience in an identical industry in Canada, that the productivity in Ontario is equal, if not better, than what's achieved in Germany at this moment.

It's more than numbers. It's so difficult to get numbers even to measure productivity, as you're probably aware, except a measuring stick on labour hours, which is perhaps inadequate. But it's the only one that Statistics Canada puts out, so we really go leaning back



on the practical experience of the individuals involved.

I have a specialist who is involved in the shoe industry and is just finished making an announcement—and I think the minister reported the other day—that demonstrates that the industry in Ontario is far more productive than the equivalent in the United States at this moment.

What we try to do is take it sector by sector rather than the overall, general basket of numbers which does confuse the issue sometimes.

Mr. Cassidy: But if you were off on a trade mission somewhere and somebody said: "What are your productivity levels in Ontario, and how do they compare with other jurisdictions?" you couldn't give them an answer in a general way. Is that right?

Hon. Mr. Bennett: There again you're dealing with productivity. Even General Motors, Ford and Chrysler are the first to admit that productivity is a very difficult thing to just flippantly deal with, because you've got to know what the investment in the industry happens to be and what the technology happens to be.

Some of them will admit that they have a more streamlined unit for operating, let's say, in one country than another. Obviously, the productivity for a unit per man hour is likely to be higher in one. But we try to relate to the general statistics that the federal government gives. As Mr. Garland says, if you want to get into specific industry we can, in some of them, relate very specifically to them.

Textiles is an example—our analysis of the textile industry and its productivity. Flippantly, people will say we're not as good. That's not right. Our technology and our machinery and equipment in the textile industry, if you compared it, shows up pretty well against anything in the United States and the European Economic Community. But if we're going to be relating to some of the Third World countries, the productivity factor on a cost-per-unit basis is way out of line. It then comes back to the fact that if in Taiwan you're paying 12 cents an hour, versus an industrialist in the textile industry here paying, let's say \$4.25 an hour, as the Zephyr people were making in Almonte, you can't put those into the hopper and come up with any realistic understanding.

But if we relate ourselves to the United States market, or production system, we come out great there. Dominion Textiles will tell you that they can produce goods in this province—in this country more than in this province—at a cost factor that compares

favourably with the United States. We don't have much trouble in dealing with the European position or the American position in that field. If you want to get into some of the others, we'd have to do an analysis of it to be more specific in their cases.

Mr. Cassidy: I want to suggest, Mr. Minister, that in fact that analysis should be done. I think there's been a lot of poor-mouthing of Ontario industry by ministers of the Crown in this province and by industrialists within this province. I think this has contributed to the kind of negative reaction we got from the Japanese manufacturers when you were over there a month or so ago. In many cases they're simply feeding back to us things which have been said by people who are leaders in politics and in industry, in this country, and which of course, are self-serving in their terms, because of their not too great desire to diversify into this country.

Let me quote something which comes out of a recent bulletin from your own ministry: "The deterioration in our competitive position can be traced primarily to a breakdown in the relationship between wages and productivity resulting in substantial increases in unit labour costs combined with a depreciation of the Canadian dollar."

It also says: "The focus must be on productivity, especially since Canada's overall productivity performance in the recent past has been relatively poor in comparison with that of western industrialized countries and Japan." You don't have the figures to back this, but then you say moreover: "The Canadian level of productivity in manufacturing remains some 20 per cent below the US, our major trading partner, across almost the entire range of manufacturing."

I think we should be talking a lot more positively about where we are and looking at the reasons why our relatively good competitiveness in our major markets is not leading to a better economic situation in this province.

Your own statistics indicate that half of our manufactured exports in Ontario are in the automobile industry. The recent Arthur report in Ottawa, the first thorough study of productivity levels and unit labour costs in the automobile industry, indicates that we are as good or better than the United States in that industry; which is the major exporter from this country to the States.

The reason why we're having such a heavy deficit in the parts sector, therefore, cannot be traced, it seems to me, to overly high unit labour costs or to a lagging degree of productivity, despite the recent shortfalls in investment.

The Ministry of Labour of this government has done some comparisons between productivity and wage settlements. They come up with some rather different figures than you've come up with. They say, according to the C. D. Howe Research Institute, "While unit labour costs in manufacturing increased by about six per cent faster in Canada than in the US over the period 1969 to 1975"—As we know, some of that's been revised since—"the institute estimates that if other costs to US and Canadian manufacturing firms are taken into account, the deterioration in Canada's competitive position relative to the US is reduced to roughly two per cent over the 1969 to 1975 period, a degree which in fact, is basically not significant. We've more than made up for that with the 13 per cent devaluation of the Canadian dollar during that time.

Despite what your ministry says, they say, quoting the US Bureau of Labour Statistics comparisons, the percentage increase in unit labour costs to Canadian manufacturers over the past several years has been much lower than that of Japan, France, West Germany, Italy, Sweden and Britain. You didn't mention it, but as I understand it now, the average wage in industry in Japan has in fact reached a level which is virtually the same as it is in Ontario, particularly if you include the very high fringe benefit costs, which are much higher in this country.

**Hon. Mr. Bennett:** Yes, but I still wouldn't accept that off the cuff. There was a question asked, I will admit. The answer we got is somewhat questionable. We still have figures that show while Japan still has a more favourable labour cost at the moment, she is heading into some difficult days because her people are demanding some of the social amenities that presently exist in Ontario, Canada and the United States.

**Mr. Cassidy:** I'm suggesting we should know this and we should have the story. There's no question that our unit labour costs have been going up substantially more slowly than in Japan over the past several years, and not just one or two years but over the past seven or eight years.

**Hon. Mr. Bennett:** Two or three.

**Mr. Cassidy:** It's more than that.

Secondly, there's no question that the labour costs in this country, partly because of some of the inadequate social legislation that exists, when you take in fringe benefits as well, are pretty much comparable with those of Japan right now, because Japan has come up so quickly.

The third thing this Ministry of Labour found in their studies—and they did look into

it fairly closely—was that productivity increases in Canadian manufacturing as measured by output per man hour—and I am aware that doesn't really take in the question of capital and so on—has consistently outpaced that of the US, resulting in the closing of the productivity gap to roughly 13 per cent in 1975 from about 22 per cent back in 1963 or 1964.

The reason I ask about Ontario's particular position is the study my friend from Algoma quoted, the federal ITC study which is about the best that has been done on this, indicated very clearly Ontario's productivity is about 12 or 13 per cent higher than the Canadian average.

If that is the case it means productivity in this province is at the same level, on average, as it is in the United States. We are about 12 or 13 per cent better than the Canadian average and Canada is running 13 per cent or so behind the US. And that's a story, it seems to me, this ministry has a responsibility to take abroad and into the United States and to our people here.

**Hon. Mr. Bennett:** People say we should do an analysis and that's very fine. The amount of personnel required to do an analysis is rather important. The next thing you need if you are going to do an analysis, are certain companies or people within a certain trade or sector prepared to turn over to you all their material, background of investments and employees and whatever else is required. Not all industries are prepared to do that. Those that get in trouble, for example when we were going through the textile thing, aren't too difficult. They were then trying to make a point with the federal and the provincial government to bring in quotas and so were very open about what they were doing. The leather industry, shoes and so on, were very open because they had run into disasters. When we went into the foundry business and tried to bring them together in an association so we could do something to support them and make them a little stronger, the resentment of even being in the same room as a competitor was hard to stomach.

Mr. Garland was saying to them, "I would like you to fill out for me, all the statistics about your business, your capital investment, employment and all the other things." You know what they said to him? "We can't trust you. With all these fellows sitting around I am going to tell you what I am doing?" He was trying to do an analysis to give us some accuracy in compiling a report to the federal government and turn on a world situation. They were reluctant



to do it. I will admit that over a period of 12 months and after some coaxing and some sitting in their boardrooms and so on, more and more of them have come in. Only a handful haven't come in at this point. I realize it would be great to do an analysis but I have a staff problem and I have to rely on the industry to provide me with the type of information I need to be able to predict whatever it is I want out of their sector.

**Mr. Cassidy:** But let me just say briefly what this leads you to then. It leads you to publish in this bulletin that was circulated to manufacturers around the world—

**Hon. Mr. Bennett:** We were quoting a federal statistic, I think, were we not?

**Mr. Cassidy:** You say the Canadian level of productivity and manufacturing remains some 20 per cent below the US, our major trading partner. In the meantime, it is known our wage levels are not 20 per cent below the US. That goes out to people across the world and that is the impression they get. No wonder they decide to go to Alabama or stay in Taiwan. It seems to me it is justified to spend a few bucks to find out what the picture is because the story we have to tell about Ontario is a hell of a lot stronger. We've got some confidence in Ontario and I'm not sure if you have.

**Hon. Mr. Bennett:** Just hold on a minute. Again, you want only to read into things things that suit your purpose. That's fine. I accept the position from where you sit. The fact remains, if you read my speech you will find a very positive tone, very positive. That's the one thing I have always been able to do—you can't criticize that. Even at the city council I took a positive position.

**Mr. Cassidy:** I will grant you that.

**Hon. Mr. Bennett:** Thank you. I am really right wing and I take the attitude that things are good.

**Mr. Cassidy:** I couldn't have said it better myself. Really right wing.

**Hon. Mr. Bennett:** Coming from a journalist that's quite an admission.

**Mr. Cassidy:** But here is your ministry bad-mouthing Ontario industry.

**Hon. Mr. Bennett:** No.

**Mr. Cassidy:** And saying to people, "Watch out because you are going to have low productivity if you live in Ontario."  
[11:45]

**Hon. Mr. Bennett:** There's no sense in you sitting here this morning, thinking that because I don't disclose something, or say something, that in a sense I'm hiding some-

thing—and that's really what we're saying—unless we can quote Ontario facts.

We quote basically Canadian statistics, even in our export reports and so on, because we don't have a source to pick up exports any more than Alberta does. So you have to rely on the Statistics Canada for a great amount of the background information that relates to your industrial communities in this province.

What I'm saying to you very clearly, Michael, is I don't care what you don't tell the Japanese—they likely know more than you do, or I do, or the Prime Minister does about certain industrial problems in this country because of what I was going to call "underground services." That may not be such a bad terminology either.

We sat in Tokyo with a steel producer, and here was a fellow sitting across from the Japanese telling them about a certain contract that is in the process of being signed but he didn't even know it. And he was the producer himself.

In that bulletin we're not trying to hide anything. Here are some of the facts. You might as well be honest and open with people.

**Mr. Cassidy:** So what you're going to do—

**Hon. Mr. Bennett:** There is no sense in bringing people here under false pretences, in saying things are going to be better than anywhere else. We're telling them there are some difficulties. I've said to them: "Sure, we've had some labour problems, but if you would be accurate about the assessment of it our labour problems in Ontario in particular have improved by two thirds over what they were in 1975."

I'm not hiding the facts, but I'll speak positively on what I think are the plus signs for investment in this province.

But on the analysis question, I take it as fair criticism. If I could find more money and more personnel with the necessary capabilities, and all people in the industrial sector were ready to co-operate, we could likely undertake it.

I will go one step further. I think when you get into analysis, you shouldn't be doing it singly, on a provincial basis. It should be related to the federal scene as well, because a number of our industries have relationships with other provinces, and there are inputs from other submanufacturers or components.

**Mr. Cassidy:** That would be fine if Ontario only took part in federal trade missions, but if you're going off to other parts of the world in order to sell—



**Hon. Mr. Bennett:** We take part in federal trade missions as well.

**Mr. Cassidy:** Okay, but if you're going on an Ontario basis to sell development in this province or trade with this province, it seems to me that you can't afford to go up against sophisticated partners like the Japanese with the confession that you've just made—which is that they had all the facts and figures at their fingertips and we didn't.

**Hon. Mr. Bennett:** I said they had much more recent facts and figures but I'll tell you, they have a very interesting little way of doing things. While they had the facts and figures on the electrical strike settlement here in Toronto, and they had the facts and figures on a couple of other things, when it was to their advantage to quote statistics of two years ago—which were worse in Canada than they are at the present date—those were the ones they were quoting.

**Mr. Cassidy:** Sure.

**Hon. Mr. Bennett:** So the Premier said to them, as did the ambassador: "Hey, if you want to talk about 1975 statistics, let's talk about them. If you're going to talk about 1977 statistics and then confuse them with others, then we're not talking the same ball game."

I will admit that in general conversation with the Japanese they are aware of the advantages of being in Ontario, not only because of return, because of stability, the long-range potential, the developing United States market. All of these things are as much apparent to the Japanese as they are to many others in the world.

We're not poor-mouthing them, but we are saying, "We'd like to tell you that there are some pitfalls that you might as well be aware of before you enter upon the soils of Ontario, Canada, or the United States."

**Mr. Cassidy:** My second line of questioning—I want to know about automobiles. What contact have you as minister had with the major automobile companies over the past year?

**Hon. Mr. Bennett:** I've met with them all several times. And my ministry people have had more in-depth meetings with people who've been assigned by Ford and General Motors, for example. They are senior officers, whose job it is to try to do more sourcing in Canada. Not in Ontario specifically, but in Canada.

**Mr. Cassidy:** Yes.

**Hon. Mr. Bennett:** We meet with them quite regularly. I had a meeting just the day before yesterday with General Motors' presi-

dent, about their auto pact and expansion programs and the possibilities of further employment. In all fairness it's easy to criticize the whole auto industry, but General Motors in the last two years has increased its employment each year by 3,000 employees in this province.

**Mr. G. I. Miller:** Are Japanese auto industries interested in coming here?

**Hon. Mr. Bennett:** Just a moment. We meet with them and discuss the parts business. We meet with our federal counterparts to discuss the parts situation.

**Mr. Fleck,** I think, gave a good explanation of the situation yesterday. It might be worthwhile for you to go back and have a look at it.

He said to the member for Windsor-Walkerville (Mr. B. Newman): "You know, we can talk about the imbalance of parts, and there is an imbalance. Not with the individual small parts manufacturers in the province of Ontario, because they have a surplus of about \$300 million. But it comes in eight principal companies, the Budds and so on, that fit in there. They have a major imbalance in their particular situation."

We have a surplus position in the manufacture and employment sector in the auto industry over the North American market situation. We consume about nine per cent of the automobiles made in North America. We have 12 per cent of the labour force and we have 13 per cent of the production or assembly of cars in North America. It is the most stable area and area of highest employment. If you work for General Motors, Ford, Chrysler or American Motors, the relative stability of your employment is much greater than if you work for a parts manufacturer where one of the four majors can remove their contract at any given time with a 12-month notice or a new model change notice.

**Mr. Fleck** said, and it's an announcement made in the ministry on a few occasions, if we didn't assemble any cars in Canada we would have no imbalance in the parts business because it would be 100 per cent export. If all cars were made in the United States, Canada's participation in the auto pact would be 100 per cent parts manufacture so everything would be exports. There would be no imbalance in that field. Right?

**Mr. Cassidy:** Yes.

**Hon. Mr. Bennett:** It would be all going out.

Now, we've got 13 per cent of the production of automobiles in this country, that is assembly of them and there's a fair number

of parts being consumed here. But a fair number are being shipped to the United States.

If all the cars for North America were produced in Canada and all the parts imported, we'd have a tremendous imbalance in the parts business. We hope auto imbalances will be down from \$2 billion to about \$1.5 billion or less this year.

**Mr. Cassidy:** That's not the trend right now.

**Hon. Mr. Bennett:** I'm not sure. I was told it is the trend. But I'm talking to General Motors and the federal government and they may not know as much about it as you. You may have more recent figures from the union representatives in the various plants. We are working to try and reduce it. But when I hear people say we're going to throw the baby out with the bath water by throwing out the whole auto pact, we'd better be very careful, as Canadians, of what we're talking about. We admitted to you yesterday, when we got into the auto pact in 1964-65, we traded off our rights to technology and research in this country. How do we get them back? I suppose through negotiations, exactly what we've been talking about to Mr. McPherson, to Mr. Bennett, to Mr. Hurly at Chrysler and to the president of American Motors.

How do we bring back some of this technology, redesigning and so on, which is very high paying, into the Canadian market? I told you Mr. Chretien met with them just a month or so prior to his leaving the portfolio in Industry, Trade and Commerce in Ottawa. For reasons I'm not going to get into this morning, Mr. Chretien felt it was best Ontario not be present at those meetings because of some other overriding political problems forced upon him. Immediately he came back from meeting with them in Detroit, we had a very lengthy meeting of over a day and discussed the various things. We have some idea of what they are intending in capital investment in North America in the next period of time. We have not pinned down—and I say this frankly—the three major auto producers on the split of capital investment in North America, Canada versus the US, but Mr. Chretien has made them very well aware the imbalance that continues to exist with its relation to the auto parts imbalance, is not acceptable politically or socially to this country.

We have a fair sign of acceptance of that by the three majors. I think Ford has already indicated the possibility of locating two new auto parts plants in Canada. Whether

they will come into Ontario or not I don't know; that's their decision to make. We will be on their doorstep as we have been in the past. The work by my people from the ministry will continue. We have one man whose job it is to stay on top of the whole auto operation.

**Mr. Cassidy:** I'd like to pursue it, except there's not time. It's significant the bulk of that auto parts deficit is within the walls of the big four themselves.

**Hon. Mr. Bennett:** I fully admit that.

**Mr. Cassidy:** Therefore, because the industry is competitive on this side of the border, it is arbitrary corporate decisions by multinational corporations which have put us in the situation where the auto parts deficit was far greater than was justified by our advantage in the assembly side of the operation. They ain't been playin' fair.

**Hon. Mr. Bennett:** Well, you know, this is very simple to say. Of course, no one ever really worries about whether the balance sheet ever comes out on the right side. General Motors came to us about a problem they had. I won't go into all the details of it, but here they have a situation—

**Mr. Cassidy:** Don't, because I wanted to turn on to something else.

**Hon. Mr. Bennett:** No. You opened the subject and I think it is only fair that the government's position be known as clearly as the opposition's position. The fact is General Motors and Ford and Chrysler have some very major decisions to make on an internal basis which affect the financing of the companies.

They have large plants sitting around in North America, including Canada. All of a sudden, the volume of production drops, and the shareholders and the directors say, "Look, that plant has to be made to work at full capacity, the capacity has to be used up. Find out what you are going to produce in there." General Motors, Ford and Chrysler have had to shift some purchasing back into some of their in-house operations.

I don't know whether you can say that is a cardinal sin. It should not happen. It would be great to say they should stay in Canada; we encourage them to do so and we try to find them other reasons for staying here.

There is only one conclusion to it, Michael. It is not always easy to get an auto plant located in this province. I can tell you, sir, General Motors has gone through hell in one of its operations and it could very well be, as a result of the difficulties they have gone



through, that the capital investment will not be made this side of the border.

General Motors, Ford and Chrysler have a very competitive system within the company. Just because they are going to build a new plant, the president does not say it is going to be in Detroit or it is going to be in Flint, Michigan, or somewhere else, or in Toronto, or in Oshawa, or Oakville. He says to the Canadian operation, "We want to build a block plant. We want you to put in a proposal as to the entire capital cost and the operating costs for the first two years." That request is made of their various divisions around Canada and the United States. Then the board of directors sit down and they start to do the assessment. "If we go to Ontario or we go to Canada, how does it affect the auto pact?" I tell you, that is one of the very first questions they ask themselves: "How are we relating to the auto pact in our overall production system?"

Then we get into a situation where it was months and months before they can give even the assurance that they might even get a zoning change on a piece of property to allow a certain operation. I am told by their president that put the whole thing in jeopardy.

**Mr. O'Neil:** Is that the one example you were mentioning where they had problems?

**Hon. Mr. Bennett:** Oh, no, no. You were talking about my talk with Mr. Chretien? No, that was a much more extensive one.

**Mr. O'Neil:** No, just a minute ago you mentioned one of the reasons was because they had some major problems in one of their plants. Was that labour problems, you mean?

**Hon. Mr. Bennett:** No, no. Political problems, such as trying to get zonings, buildings approved, and changes in road systems, which they were prepared to pay for but seemed to get a great deal of resistance in the community. So it is not all easy going. They have their difficulties too, as somebody said earlier this morning. I heard some communities resist industry coming in and sometimes it is not at all, from the minister's point of view, the easiest thing to deal with. Land price is not a factor worth taking into any significant account.

**Mr. Cassidy:** The next question I have is something that my friend from Cambridge (Mr. Davidson) has a concern about as well. Has Ontario made any suggestions to the federal negotiators in the new round of tariffs, in relation to what industries we wish to grow; what industries we wish to be put on the chopping block; what kind of adjustment assistance ought to be provided for industries

that become exposed to greater tariffs; and what we will do in order to take advantage of export opportunities that are created by the tariff round when we have companies like Anaconda which are shutting down in this country because of export limitations imposed upon them by foreign parents?

**Hon. Mr. Bennett:** First of all, I am not going to get into the full disclosure of Ontario's position in relationship to what we are discussing confidentially with the federal government because that is like putting your hand, when you have been dealt seven cards, down on the table before you have started to play them.

The fact remains that when we deal with the federal government we deal with sectors, we deal as a result of our reports, and other input that has been given to us. I think we went through this yesterday. To try and disclose your position now is not very wise. Mr. Wildman asked that question yesterday. It is not very wise to start disclosing it.

[12:00]

Horner realizes, as do I and other ministers across this country, that there has to be a rationalization of the whole program, and that there are going to have to be adjustment periods and adjustment factors by governments worked into what ever changes are made. The changes by GATT will take place over a fairly lengthy period of time, and we hope will in a period of years—10—have built-in adjustments. We will certainly be looking at some sectors.

I hate to say it, and I suppose the Globe and Mail said it just as bluntly as it can be said, there are some areas where Ontario—or Canada, pardon me—is just not going to be competitive in world markets. Those might have to be traded off for some advantages in other sectors of the economy. Those will come in due course.

Mr. Garland might wish to comment.

**Mr. Garland:** I think one example of the ones that we're concentrating on are the two technology missions that went to Japan—technology in downstream petrochemicals. The other facet of it is quite obvious, and I think you've been asking some questions about it.

We've got a major investment in Ontario and Canada—Petrosar—and in order to add more value there's a real need to develop and encourage some way to invest in the downstream operations. It's almost exponential; it will mean far more jobs than if we're just producing ethylenes, as they're presently capable of doing, the energy petrochemicals. There, too, there would appear to be good opportunities for Ontario at this present time.



**Mr. Davidson:** I'm wondering if I may jump in here for just a minute. You talked about a phased-out program. Are you aware that William Barry of Montreal, a director of the Canadian Textile Institute, says that even a phased-out tariff program over a 10-year period could cost anywhere up to 200,000 jobs in Canada, and a large portion of that in the province of Ontario?

**Hon. Mr. Bennett:** Let me hasten to say that he could be very well right. You know, he said this the other day in the estimates—that there will be some parts of the industrial community that would likely be excluded from the GATT negotiations on common agreement. Textiles is likely to be one of them because Canada and the United States and so on, including Japan, are faced with an oversupply of textiles from the developing countries, Taiwan and so on.

It could very well be that Japan, the United States, Canada and the European community will very well want textiles, as a particular sector, left out, whereby the country will have the right to make arrangements with the supplying country—implementation of quotas, or whatever it might be.

I wouldn't back away from the statement as being very accurate because we've experienced it even now, with the tariff situation as it is. If you produce a garment in Taiwan where the labour cost has no relationship to North America or the European community, what the hell's the difference whether the tariff happens to be 15 or 20 per cent? You're talking about an end price from their sources that is so low anyway that the additional tariff money on it isn't going to make that significant difference at the retail level.

**Mr. Davidson:** Given that what you've said is true, then my main concern is what do you do with these 200,000 people? And this is only in one industry. You can go into the shoe industry, for example, and you get something that reads like a headline: "Imports Make Things Rough for Canadian Shoe Industry" If you combine that with the electronics industry, and you're only talking about 200,000 jobs in the textile industry, you could be talking anywhere to half a million people across Canada. A large proportion of those are here in Ontario. And where do we put these people? What do you do with them once you displace them from their jobs? Are you going to be able to create that many jobs in the province of Ontario to put these people back in the work force?

**Mr. Garland:** On the textile matter, I think the minister is saying that it is a multi-fibre arrangement which is world-wide.

It is a part of, but very distinct from, GATT. There's world-wide agreement and that particular item is being negotiated now. The developing countries are negotiating with Europe, and I think based on what we're doing there has been an agreement based on the textile tariff review board that we would negotiate with these developing countries which have perhaps generated some of the problems in Ontario.

I think the minister said the other day it's not necessarily tariffs that will have any real control over the textile and apparel industry, it is a matter of quotas and an agreement that a percentage, to a maximum, depending on the type of product, would be limited as far as imports are concerned. In this country at the present time roughly 50 per cent of the expenditures for purchases by consumers are imports, whereas if you look at the United States it is about 14 per cent, and if you look at Europe it is perhaps at the most 18 per cent.

The minister first got involved in this in 1974. The problem started to appear then. It isn't a new problem. We've been involved in the textile and apparel problem and we have had tremendous contact with it. The advisory panel for the Minister of Industry, Trade and Commerce is still in force and involves not only the three principal provinces involved, Ontario, Manitoba, and Quebec, it involves the textile industry and the apparel industry in the three provinces, and the unions. They are very active. It is a very consolidated approach in presentations they have made towards solving the problem for 200,000 Canadian workers.

**Mr. Davidson:** Perhaps you can answer this, then: Mr. Bill Cline, who is the owner of W. H. Cline Company Limited in Kitchener, which is a manufacturer of men's shirts, said: "It should cause us great concern as Canadians that the politicians are threatening the viability of the industry, and it is an about-face of everything the government has said in the past." He was referring to the quote by Mr. McKeough that came out of the federal-provincial conference.

**Hon. Mr. Bennett:** Which one was that?

**Mr. Davidson:** When Parizeau and McKeough told reporters that reduced protection was necessary to enable Canada to argue for lower tariffs. He says it is an abrupt about-face of everything the government has said in the past.

The report of the Canadian Textile Institute also says: "It is essential that the announced federal and provincial government goal of

restoring employment in this industry be achieved."

It would appear that somewhere along the line something has gone haywire. The people who represent the major textile industries across Canada have apparently been of the opinion that you were going to try to maintain and keep the textile industry going, not only throughout Canada but in the province of Ontario, and now something seems to have drastically changed in a hurry. Judging by some of the comments that are coming out in the newspapers they don't appear to be very happy about what Mr. McKeough has said.

**Hon. Mr. Bennett:** Let me go into Mr. McKeough's remark just for a moment. Mr. McKeough has made two or three speeches that related to the trade negotiation position at GATT. He said that this world was moving closer to a free trade situation. He didn't say that he wanted to see us run the fastest mile into the situation at all. That wasn't what he was asking. He was being realistic, and if we can't be realistic we are dealing with the wrong subjects.

The realism is that there is a general discussion around the world today that tariffs are going to come down, although I will admit to you that there has been one change of attitude, that is, to slow things down, with the result of economics in the world in the last 12 to 18 months. In other words, people are not pushing to try to get GATT at a conclusive position as rapidly as they were 12 months ago.

**Mr. Davidson:** Apart from McKeough.

**Hon. Mr. Bennett:** McKeough is not either, Monty. He is saying, "If you will look at what's happening, the general attitude is we are moving towards freer trade." That is not trying to mislead you. The States has said it, Japan has said it, the European Economic Community has said it, the Andean Group has said it, and some of our former ministers of Industry, Trade and Commerce in Canada have tried to put it into reality and have it done a lot faster than we would be prepared to do it in. Mr. McKeough is only trying to give you a realistic position of where we sit in the world negotiations of GATT.

As for the textile industry, we pressed and pressed and pressed. In 1974 my people made me very much aware of the fact that textiles in this province were in trouble, real trouble. All of a sudden, in 1974 we had a tremendous increase in imports to Canada, particularly to Ontario. I took the initiative at a federal-provincial ministers' conference to try to get the federal government to move on a quota sys-

tem policy, to give some stability and long-range investment opportunities to that industry.

I was somewhat surprised at the time, because Dr. Evans from Manitoba, who had a portion of the industry in his province, and Guy Saint-Pierre from Quebec, who has a very substantial percentage of the Canadian industry in his province, really were not aware of the fact that there was any trouble on the horizon for this industry. Within a matter of days they were back to us wanting another federal-provincial meeting to get something done, because they found out that Monarch Knitwear in Winnipeg and a few others were in real difficulties.

In Quebec, I went into the National Assembly the day following the conference to sit in on the question period, and one of the first questions that came to Guy Saint-Pierre was related to what he knew about the inroads being made in the textile industry in Quebec by foreign companies.

We got, not the federal minister of the day but the next minister of the day, Mr. Chretien, to react to the situation rather quickly in bringing quota systems in and establishing 1975 as the level. Someone said, "Why didn't you go back to 1971 and 1972?" It doesn't matter what year you accept, of course, someone would always want one that was somewhat better.

The level of 1975 is the one that we have pegged for quotas. There have been some minor adjustments in what we call high fashion items coming into Canada, and rightly so, because they are not interfering with Canadian manufactured goods. So that's the level we're at. I cannot take all of the blame for what's gone wrong in the textile industry because of a downturn in the market position since then. That's something that most industries are living with, a downturn.

The textile industry has been given the assurance and the continuation of the quotas has been sanctioned. Coming back to a more specific one, because we have talked about shirts, there is a shirt quota. It was put on by Mr. Gillespie some years ago and has been maintained and renewed to make sure that the shirt industry in the province and in the country would continue to function.

One of the things that some of the shirt manufacturers complain about—and I get it from even the largest ones—is that they're finding some of the shirts that are coming in, which used to be \$4 shirts, are now starting to rise to levels that are in real direct competition. They would like to find that shirt market somewhat curtailed. That will be another series of discussions, I'm sure.



I want to be fair with the federal ministry. When you put quotas on you're praised by some and condemned by others. It's amazing the people who condemn you. It happens to be the mother or a relation of some poor fellow whose plant has got the quota put on because it protects his job, but one of his relations doesn't like it because he or she thinks they're going to have to pay a little more for a Canadian-made product than they were for a Hong Kong- or Taiwan-made product. Those are some of the facts of life. We can't have all the cherries. There's going to be a few sour ones in there whether we like it or not. That's the problem we're faced with.

I'll make only one final remark. I give Chretien full marks. I think, as a federal minister, in the field of leather, textiles and others, he moved more rapidly than I've ever seen a federal minister move in my five years as a minister, to give some degree of stability to Canadian industry. Too bad we don't take on the habits of the Americans. When they found their textile industry was being eroded to the tune of about 15 per cent by the imports, which was an unbelievably low position—85 per cent of the goods were domestically made—overnight they announced that there would be no more imports, period, until they had negotiated quotas with these countries.

We had to get down to 42 or 44 per cent of domestically made goods before anybody got the hell scared out of them.

**Mr. Davidson:** We're now at 39.

**Hon. Mr. Bennett:** I'm not sure of that, I understood we were still at 42 per cent.

**Mr. Davidson:** No. Percentage of market held by domestic industry in 1976 was 39, in comparison to 85 in the United States.

**Hon. Mr. Bennett:** We checked the Canadian percentage, because I understood from Dominion Textiles and a few others I talked to that theirs was still at that level.

**Mr. Davidson:** These are figures from the institute itself.

**Mr. Garland:** Textiles, not apparel.

**Mr. Davidson:** It's both, a combination of both. I have one more thing, and then I'll turn it back to Mike.

I worked in textiles for 25 years myself before arriving here, 10½ as an organizer for the textile workers union. A large number of the textile industries in the province of Ontario are owner-operated, other than the big conglomerates. It would appear to me that what we are doing by making the type of proposal Mr. McKeough is making is driving the Ontario investor out of business and leaving

the textile industry, whatever is left of it, to the multi-national conglomerate.

[12:15]

**Hon. Mr. Bennett:** Why do you say that?

**Mr. Davidson:** I say that because I'm reading from newspaper quotes of a large number of these gentlemen and they all say the same thing. They are the owner-operated plants. They are the guys who are going to have to close down. They are also residents of Ontario who have invested in Ontario, and if they close down what you are doing, because of this proposal as I say, is driving the owner-operator out of business and leaving whatever of the textile trade to the multi-national conglomerate.

**Hon. Mr. Bennett:** The degree of uncertainty that prevails, not only in Canada but in other countries, relating to tariffs affects all industry. I don't care whether it be big, small, privately owned, multi-nationally owned, partnerships, whatever it happens to be. The uncertainty exists, I'll tell you, in the United States, as to what new investments they should put in place. The uncertainty exists in the European Economic Community, and I have just come back from there.

I'll tell you what, the GATT negotiations position by the EEC isn't going to be so cohesive. That's what we are led to believe. My people talked to various factions, let's say, and you get slightly different stories. There is a degree of uncertainty, but the Canadian government has been requested to be a signing partner on the agreement this time. We weren't the last time. There are some who think we got a big advantage last time. I don't know where we got it, but that is the general feeling by the Americans and a few others.

We will, as Ontario, be in there trying to offer the assurance for the industries that are in this province. The final decision, of course, will not rest with Ontario; it will rest with the federal government and its authorities. We have a good working relationship with Jake Warren, former ambassador to Washington and high commissioner in London prior to that. Jake's an Ontario-born fellow and has some appreciation for what we are as an industrial community.

I won't deny the fact that in Industry, Trade and Commerce, as you will likely find in my ministry and in TEIGA, there are two different groups of individuals. There are some who believe this should be a virtually free-trade world, and then you get another group which feels there should be some assurance given to manufacturers in the province, the country, that they are going to have



a right to continue to exist at least with the domestic market and some potential in the export market.

You have to combine the advice and the input, and the Canadian manufacturers have done a very fine job in trying to make their position clear and they have been taken into some of the discussions. Some of the other associations representing individual sectors of the economy have been in to see us. We have interviewed them on their position, how they see tariffs moving and what they think we should do, if there was a tariff move that would give them some further strength in continuing.

**Mr. Davidson:** I have some further questions.

**Mr. Chairman:** We have been at this for 50 minutes now. You fellows have monopolized this for 50 minutes. I didn't complain when Mr. Davidson took over from you. Mr. Bolan has been sitting here for some time.

**Hon. Mr. Bennett:** Mr. Bolan, could I just take one minute? Mr. Cassidy, since you do read Ontario Business News—and you have pages of it sitting there on your desk, you were referring to it a few moments ago—just take a moment or two of your time some day to look at my remarks in the June-July 1977 issue on a high-level Ontario investment mission to the US.

It quotes me in two or three places exactly opposite to what you say. Those are statistics we are quoting there but I think you will find the minister's statement, as I said earlier, is rather positive in as much as it says our productivity level can be compared to anything in North America.

**Mr. Cassidy:** I think you are very sensitive you know. You are a booster by trade—

**Hon. Mr. Bennett:** I'm not sensitive.

**Mr. Cassidy:** —but when it comes down to the information you give, it doesn't do Ontario credit.

**Hon. Mr. Bennett:** I tell you it's the type of talk that your party goes on with that doesn't give the government or industry any credit.

**Mr. Cassidy:** I just gave a very positive tribute to Ontario industry. You are the fellow who is trying to say that Ontario is not competitive.

**Hon. Mr. Bennett:** I am saying Ontario is competitive if you read my remarks, because obviously you didn't want to read the good things. You just like to pick out what you think are the bad. They are Canadian government statistics that are being quoted.

**Mr. Cassidy:** McKeough and Bennett and all the rest of them are doing—

**Hon. Mr. Bennett:** Your leader did a fine job on Inco on the national news. If you think that doesn't destroy credibility in the world markets, try some more.

**Mr. Cassidy:** Is Inco a good corporate citizen?

**Hon. Mr. Bennett:** Inco is a good corporate citizen. Yes, it is.

**Mr. Cassidy:** Oh, go away.

**An hon. member:** You think so as well.

**Mr. Chairman:** Children, please settle down.

**Mr. Bolan:** I'd like to get back to vote 2203. This is with respect to the domestic industry program.

I'm sure the chairman is also interested in trying to find out what your ministry is doing with respect to domestic industry development in northeastern Ontario. I raise that question at this time because I think we're aware of the fact that in spite of the layoffs in Sudbury and in spite of the fact that there is going to be high unemployment there, the unemployment situation in northeastern Ontario is about 13 or 14 per cent. I think it's reached a point where it can be considered as critical.

In fact, the federal government has northeastern Ontario in the same category as New Brunswick, which is pretty close to being regional disparity. I'd like to know what your programs are for the fiscal year.

**Mr. Garland:** I think in the broad sense one of our chief programs is our industrial parks program. It applies generally, but it emphasizes eastern and northern Ontario. We will work with the communities and we have a program which is aimed at providing serviced industrial land. If one goes back to some period in time when the economy was a little stronger, there were some companies appearing that were ready to make a move and ready to make an investment and the serviced land was not available. In effect, we have a program in which we will work with communities if they so apply and are interested in establishing services to industrial land.

Having put the serviced, industrial land in place, any of the programs we have in place involves seminars. We're prepared to put seminars in a community. Our field office is centralized out of Sudbury for that particular part of the province with an office, I believe, in Timmins, a community under the small business operations side. They keep close contact.

I guess their main role is to establish good

relationships with the industries that are in place, helping them to expand, working with them on their problems and providing consulting services, if needed, for whatever their particular problem is. Any of these companies that can be suggested by our field officer is as eligible as any other company in the province to participate in our missions, if they are at the stage where they should be getting involved in an export rather than a domestic market.

One of the items we took to Japan with us was a new movie in which we were demonstrating case histories of new Canadians, if you want, who have come here and established plants, brought their technology, brought their knowledge and provided jobs for Ontario people. There's one business in North Bay that is part of the movie. We had 31 candidates for the movie but we had to cut it down to 13.

There were others from Sudbury who were part of the movie. If you see the movie, perhaps you'll recognize the individuals in it.

Mr. Eakins: You should have a movie for the members to see some time.

Mr. Garland: I suggested to my minister that maybe this group should see it, because we showed it only this morning to a group of Japanese industrialists from Nagoya who were in here. We could take 15 minutes of our time tomorrow.

Mr. Eakins: Over lunch some day.

Mr. Garland: We don't make any differentiation as far as areas go in our efforts.

Mr. Bolan: That's the point though, shouldn't you? In view of the fact that you have what I consider to be regional disparity in that particular part of the province, and I realize that you say you don't make any differentiation between one region or another, but surely the time has come that you might want to start considering doing just that? and as such, what are you doing about it?

Mr. Garland: There is no differentiation if we examined—and quite frankly we haven't—our man hours spent with the individual companies. We spend as many man hours on the particular problems of one as those of another. If a company exists and has problems, we'll devote time to it.

But I'm not necessarily aware that that company is having problems unless it comes to us. There is a particular company in North Bay that has come to us and we've got probably three people concentrating on it right now, seeing if something can be done for that particular operation.

Mr. Bolan: I think I know the one you mean. Dealing particularly with Nipissing. I note in this project book that has been put out by TEIGA that there is infrastructure for North Bay of \$1 million. It's under the Ministry of the Environment. Is that tied in with your ministry as well, and is that the same amount of funds that supposedly was allocated for the development of the industrial park in the southern part of the city of North Bay?

Hon. Mr. Bennett: My understanding is that part of that has to do with the industrial park. Is that correct?

Mr. Bolan: Yes. And can this be expected to get on stream in the fiscal year 1977-78?

Hon. Mr. Bennett: Mr. Bolan, you'll have to ask the Minister of Northern Affairs (Mr. Bernier), because I can't tell you. I don't have the details on it. It's a program of implementation, is what you're saying?

Mr. Bolan: Yes, that's right.

Hon. Mr. Bennett: I haven't got the details.

Mr. Bolan: Are you aware of the fact that the development of this industrial park is also tied in with funding, again made through DREE, for infrastructure of \$10 million to \$15 million in that particular area of the city?

Hon. Mr. Bennett: Of course, no DREE program can go forward until the provincial government has concurred with it.

Mr. Bolan: That's right.

Mr. Wildman: Most of the regional priorities budget is DREE money.

Mr. Bolan: That's right. Is the provincial government concurring with the federal government with respect to the DREE funding in that area?

Hon. Mr. Bennett: That's a question I'll have to take under consideration, because I would have to go back and review the file as to what our position was in regard to DREE. We only have an input to TEIGA, which is the ministry with signing authority with DREE, as do Northern Affairs and Natural Resources.

Mr. Bolan: Could you do that, please?

Hon. Mr. Bennett: Yes.

Mr. Bolan: I have another question—

Hon. Mr. Bennett: Can I just go back to one question you raised? I think it's an interesting one. We designed the development corporations to try to give some specific attention to northern and eastern Ontario, with special allowances and so on, and I think we've tried to staff the various places around the provinces with the best people we



can find—people who have developed a fair amount of talent.

I just want you to realize, Mike, that if you're starting to talk about the government zeroing in on specific areas of the province of Ontario, it becomes real deep-rooted political decision.

**Mr. Bolan:** Yes, it does.

**Hon. Mr. Bennett:** I'll tell you the first area that would get major attention.

**Mr. O'Neil:** Eastern Ontario.

**Hon. Mr. Bennett:** How did you know?

**Mr. Bolan:** When I look at pockets in the province, Mr. Minister—for example, when I look at the Sarnia area, the Windsor area and the St. Catharines area—and I speak to the members from these areas and ask them a very simple question, "What's the unemployment like in your area?" their answer is, "What's unemployment? We don't know. We don't have it in these particular areas."

**Hon. Mr. Bennett:** Don't tell me Windsor tells you that.

**Mr. Bolan:** Then I say, "Here I am with a region that is above the 10 per cent mark and it's not going down; and there does not appear to be really any significant effort to bring it down." And if there is any effort, Mr. Minister—and I'm not being facetious when I ask you this question—I would like to know about it.

**Hon. Mr. Bennett:** We try to encourage industry to look into some of the remote parts—when I say "remote," I mean the other parts of the province away from the golden horseshoe. Sometimes we're successful but, as I said yesterday, it comes down to the plain, clear economic facts of running a business; that's what they make their final decision on.

Our development program, in terms of funding and some of the other things that we can help them with, does have some effect. But in the final analysis it depends on whether they can make a profit by being in that location.

**Mr. Bolan:** This brings me to another item which I raised two days ago. By the way, do you want to break off at 12.30? What are the chairman's wishes?

[12:30]

**Mr. Chairman:** We'll go on for another few minutes, Mike. We'll make it five minutes after the half hour.

**Mr. Bolan:** Okay. This had to do with the comment which you made two days ago as to the fact that the actual moneys for the development of northern Ontario through

NODC was being reduced from \$16 million to \$11 million.

**Hon. Mr. Bennett:** I didn't say that.

**Mr. Bolan:** The documents say so. The estimates say so.

**Hon. Mr. Bennett:** I did say to you that regardless of what money happens to be in the estimates for—

**Mr. Bolan:** It was \$16 million, for example, in 1976-77 and it is \$11 million in 1977-78.

**Hon. Mr. Bennett:** You have to keep in mind that, basically, ODC is granted a sum of money to function within a loan-program purpose. It's there for the drawing by EODC, NODC or the ODC central area itself. As long as you keep in mind that we're the lender of last resort, the fact remains that applications come to us for either acceptance, rejection or amending for approval. What I pointed out very clearly to you that time, Mike, was that if people are not investing in any given part of the province then the loan requirement for NODC is not any different to what it would be for the Bank of Nova Scotia.

**Mr. Bolan:** I realize that but, by the same token, what are you doing to encourage them to invest when they realize that these grant programs are available?

**Hon. Mr. Bennett:** They're not grant programs. they're loans.

**Mr. Bolan:** I'm sorry—when these special loan programs are available. Shouldn't you be encouraging them to develop in that particular area?

**Hon. Mr. Bennett:** We most certainly are.

**Mr. Bolan:** Shouldn't you be saying: "Look, we have a loans program in this particular area which allows you a more flexible rate of interest"? This is why I can't understand your comment and your explanation for the reduction of it by \$5 million.

**Hon. Mr. Bennett:** Let me try again.

**Mr. Bolan:** You've tried twice.

**Hon. Mr. Bennett:** It's simply because the number of applications coming in—

**Mr. Bolan:** Are you saying there are fewer applications?

**Hon. Mr. Bennett:** That's exactly what I'm saying.

**Mr. Bolan:** Well, I'll have a bus load of them for you tomorrow.

**Hon. Mr. Bennett:** We're the lender of last resort. We're not the Bank of Nova Scotia, the Royal Bank, the Toronto-Dominion or the Bank of Montreal. They happen to be



the free enterprise sector, which I support very strongly. We're not in the business of taking it away from them, if these are people who honestly and sincerely require it.

**Mr. Bolan:** As I say, I'll have a bus load of them for you tomorrow.

**Hon. Mr. Bennett:** Not to me. These things go through the proper channels.

**Mr. Bolan:** We're talking about people who have not been able to get funding through the normal sources. They go to the source of last resort, shall I say, and find that the money is not available.

**Hon. Mr. Bennett:** Mr. Chairman, let's just clear up the situation. We're not a give-away society.

**Mr. Bolan:** No, I realize that.

**Hon. Mr. Bennett:** I've been challenged by you people in the Legislature to make sure that whatever we invest in has, to a relative degree, the possibility of succeeding. We have to meet certain criteria, too, by legislation and by regulation. We are the lender of last resort but that does not mean to say we take absolutely nightmare flyers at things. We have to have some degree of stability and some understanding of who is putting up what. If you've got some people who have been refused, get their names and give them to me. If they've put applications in I'll give you the reasons, confidentially. I'd be delighted to.

**Mr. Bolan:** Fine.

**Mr. Chairman:** Are you through, Mr. Bolan?

**Mr. Bolan:** Yes.

**Mr. Chairman:** Before we adjourn, I've had a request from several firms involved in Bill 22. They want transcripts of the last three days of discussion on Bill 22 and in particular the contribution made by the legal firm of Hicks, Morley, Hamilton, Stewart, Stone. They also want to read what Sheila McCoy from Metro Toronto Apartment Builders had to say on section 125 of Bill 22. Would it be in order for Angela to go ahead and give these people copies of the transcripts? Is the committee in favour of releasing these transcripts?

Agreed.

**Mr. Chairman:** What about any other requests? Would you be agreeable to any other requests that may come along on Bill 22?

**Mr. Lane:** We only have certain sections of it.

**Mr. Chairman:** It is only the last three days of discussion by this committee that they've asked for.

**Mr. Lane:** I'm easy on it.  
Agreed.

**Mr. Chairman:** Mr. Garland wants to make a closing statement.

**Mr. Garland:** I think you're aware—it was explained this morning—that we've got a major conference going on in the west end of Toronto, involving over 100 municipalities, on the whole theme of industrial development.

One of the key points and one of the issues we try to encourage is active industrial development by a particular community. It is surprising when you go to some communities, that, first, they don't seem to need the value of an industrial development operation at all; and, second, if they do have one there seem to be some instances where the particular municipality does not support them.

I think one case in point which has evolved—and evolved very positively—is in Sault Ste. Marie. Up to a year and a half ago they had an industrial commissioner for a short time and then in their own wisdom decided not to. We were able to encourage them to get back into it and now they have a very aggressive man there and are actively working on industrial development. They have an industrial parks program, actually as part of our program, in place right now.

The same applies to Sudbury. The region has an excellent industrial development operation and we worked very closely with them. So really one has to look at the responsibility of the individual community and at how much they actively get involved themselves.

**Mr. Chairman:** Thank you, Mr. Garland.

We will adjourn until tomorrow morning at 11 a.m., following the question period in the House.

The committee adjourned at 12:37 p.m.

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Bennett, Hon. C.; Minister of Industry and Tourism (Ottawa South PC)  
 Bolan, M. (Nipissing L)  
 Cassidy, M. (Ottawa Centre NDP)  
 Davidson, M. (Cambridge NDP)  
 Eakins, J. (Victoria-Haliburton L)  
 Havrot, E.; Chairman (Timiskaming PC)  
 Kerrio, V. (Niagara Falls L)  
 Lane, J. (Algoma-Manitoulin PC)  
 Miller, G. I. (Haldimand-Norfolk L)  
 O'Neil, H. (Quinte L)  
 Turner, J. (Peterborough PC)  
 Wildman, B. (Algoma NDP)

### Ministry of Industry and Tourism officials taking part:

Boyer, F. J., Executive Director, Tourism Division  
 Fleck, J. D., Deputy Minister  
 Garland, M. L., Executive Director, Industry and Trade Division  
 Girvin, J. D., Executive Assistant to Deputy Minister  
 Radford, N. R., Executive Director, Small Business Operations Division  
 Wilson, L. R., Executive Director, Policy and Priorities Division















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